

**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
January 12, 1996**

Mr. Chair, Ladies and Gentlemen of the Board, this month's meeting of the Board features an array of public/private partnerships unprecedented in University history.

Your agenda this month has included partnerships for beverage sales, student housing, steam and electricity production, and health care:

- a 10-year "pouring rights" contract with the Coca-Cola Company;
- a report on the Residential College Housing Project in partnership with Dinnaken Properties, Inc.;
- the final recommendation on the Steam Plant Project, a partnership with Foster Wheeler, Inc.; and
- a memorandum of understanding setting guidelines concerning a contract for affiliation between the University's Academic Health Center and Fairview Health System.

These partnerships have involved extraordinary staff work, ranging from months to several years. They have also required extraordinary attention by members of this citizen Board—reams of reading, hours of meeting time, and no small involvement in controversies.

That all four are on one month's Regents' agenda is simple coincidence, but it is by no means accidental that major public/private partnerships are being developed by the University of Minnesota.

Each of these partnerships is tied, directly and deliberately, to the fundamental priorities of the University, rather than simply to the goods and services provided by private vendors. That is a major change, and I cannot over-emphasize its importance.

Partnerships with vendors or goods and services are not new. In simpler times, those transactions were simpler—and usually quite independent of academic and institutional plans and priorities. For the most part, such agreements were simple matters of price and quantity, with little or no consideration of whether or how they might affect University programs or aspirations.

It has always been one of my most important goals in *University 2000* to ensure that all of the University's planning and decision-making processes are properly informed and driven by our basic strategic directions.

Conversely, when public/private partnerships are involved, it is absolutely vital that our partnerships be structured carefully within the larger context of institutional priorities.

With Coca Cola, Dinnaken, Foster Wheeler, and Fairview, we have found partners who are willing to learn and support our priorities—willing, in short, to act as full partners, working toward greater and mutually accepted goals. That, I am very pleased to say, is the common thread that runs through all four of these partnerships.

• Beverage Contract with Coca-Cola •

Only a few years ago, colleges and universities simply ordered goods such as soft drinks at wholesale prices, perhaps making more exclusive arrangements with certain vendors for food services, vending machines, or concession stands. Today's competitive practices in consumer products have changed all that, with all kinds of products now sold under exclusive contracts, sometimes advertised as "the official" products of teams, organizations, and events.

One year ago, we formed a University-wide Beverage Council, assisted by Weisman Enterprises, Inc., to develop a request for proposals in anticipation of the expiration of a five-year contract with Pepsi-Cola. Both Pepsi-Cola and Coca-Cola responded, and the Beverage Council's Evaluation Team concluded that "Coca-Cola presented the best financial and non-financial package to the University and is the preferred Beverage Partner for the next 10 years."

Evaluation criteria included:

- demonstrated understanding of broader University objectives;
- total economic value;
- quality of beverage partnership plan;
- team experience, commitment, and demonstrated understanding; and
- community, academic, and diversity initiatives.

To our knowledge, the contract you have approved is the largest of its kind involving a university—up to almost \$28.2 million over 10 years, if all of the incentives are met. The guaranteed value is in excess of \$15.5 million, with \$6 million paid "up front," to be deposited in an endowment account, with \$1.1 million to support the University's Title IX initiatives in intercollegiate athletics and \$4.9 million to support community, academic, and campus life initiatives consistent with *University 2000*.

As our partner, Coca-Cola will provide more than money. The company has also committed the time and talents of its own employees, who will work directly with University programs and people to plan and carry out a wide variety of service-learning and community-building activities.

• **Residential College Housing Project with Dinnaken Properties** •

For those who may not have seen it, I am appending a copy of Wednesday's Star Tribune article on Residential College. It describes an undergraduate learning community and learning experience that is probably as close to the ideal as any. While we cannot expect to offer such a community—such an experience—to all undergraduates, especially on a heavily commuter campus, it is clearly a model that should be expanded, and it's a model with features that other programs can adapt—and are adapting.

Through the partnership with Dinnaken Properties, badly needed housing is being added. And, as understanding and committed partners, Dinnaken is adding extra facilities that are designed specifically to support Residential College and *University 2000*.—The new, specially designed, apartment-style housing will be home to 170 students—freshmen, sophomores, and juniors—and will have two classrooms, a computer room, and individual and group study rooms.

• **Steam Plant Project with Foster Wheeler** •

In 1989, a thorough study of our steam generation facilities determined their obsolescence and projected only ten more years of reliable life. Experience since then has further confirmed the problem; we've had equipment failures—thankfully short-term—and the replacement and repair of parts has proven to be increasingly difficult. Whatever arguments there may have been and may still be, there's one irrefutable conclusion.

The status quo is not an option:

- most of our facilities are obsolete;
- most are operating at or near capacity, with little or no possibility of meeting increased demand, and with dangerously limited back-up capability;
- inefficiencies cause substantially higher costs;
- old technologies produce unacceptable levels of pollution, with adverse environmental impacts.

Identifying, evaluating, and selecting options has demanded extraordinary time and attention of Regents and administrators. Issues surrounding the steam plant project have been as thoroughly studied, reviewed, and debated as any in memory. They're also as varied—technical, financial, environmental, political—and as controversial.

Throughout this long and careful process, the Board of Regents' objectives have been constant:

- ensure reliable steam service and supply;
- obtain the lowest steam cost possible;
- maintain maximum fuel price protection through fuel flexibility or pricing guarantees;
- minimize adverse environmental and health impacts;
- minimize business risk to the University; and
- provide economically viable electrical co-generation capability.

The project that best meets these objectives has now been approved by the Board, and we now look forward to the report of the Environmental Quality Board to the Minnesota Legislature and subsequent legislative hearings.

As noted in the Board's resolution, a fuel-flexible, off-river alternative was considered as potentially acceptable, but its barriers to implementation included:

- opposition to the University-obtaining an acceptable off-river site in a timely manner;
- the unwillingness of any third party to assume responsibility for preserving and adapting the Southeast Plant (which is on the National Register of Historic Places);
- no additional funding from third parties to cover the increased costs (\$34 million) of an off-river location and the decommissioning of the Southeast Plant; and
- lack of community acceptance of an off-river, fuel flexible plant.

As required by the Board's resolution, the administration will "work with the State of Minnesota, the City of Minneapolis, affected neighborhood groups, and other interested parties, as appropriate, to determine whether the barriers identified above to an off-river, fuel-flexible alternative more acceptable to the community can be eliminated," reporting back to the Board at the February meeting. As the resolution also states, we are proceeding concurrently with activities to implement the project, so that renovation is not further delayed, recognizing that the cost of delay is \$525,000 per month.

• Academic Health Center Affiliation with Fairview Health System •

The status quo is also not an option when it comes to operating the Academic Health Center and its hospital and clinics in today's highly competitive health care market.

The University cannot compete for patients with the new managed care organizations, which restrict their members to their own providers, clinics, and hospitals. Even the dramatically increased public subsidy that would

be required to replace threatened patient revenues and keep our hospital and clinics in operation would not ensure the patients essential to our teaching and research mission. Moreover, operating our health sciences programs independently and outside the current and future managed care environment denies our students and faculty the full access to the "real world" for which University teaching, research, and outreach must be targeted.

We believe the AHC/Fairview affiliation is the University's best option for meeting these challenges. Under the Memorandum of Understanding approved by the Board this month, negotiations will be able to proceed with full attention to the protection of the public's interests and the University's teaching, research, and outreach mission.

• Twin Cities Higher Education Partnership •

They are less dramatic, but lest they be overlooked, I want to call attention to two public/public partnerships approved this month, two new degree programs negotiated and initiated under the Twin Cities Higher Education Partnership:

- Bachelor of Construction Management, in partnership with North Hennepin Community College; and
- Bachelor of Emergency Health Services, in partnership with Inver Hills Community College.

The development of new, cooperative degree programs with other colleges and universities in the Twin Cities metropolitan area is proceeding effectively and thoughtfully, thanks largely to Dr. Dennis Cabral and the faculty and administrative colleagues he has engaged in this collaborative effort. Each new degree program may add only a limited number of students enrolled in joint programs, but more important over the long term, every new program reinforces and encourages the culture of partnership among our community's college and university campuses. That is a very important accomplishment with far-reaching implications for higher education in the Twin Cities.

Appended: Star Tribune article on Residential College

Metro/State

B
SECTION

Residential College at the University of Minnesota is part of an effort to make the school a friendlier, less impersonal place and to strengthen ties between students and instructors.



Prof. Marvin Marshak, 49, head of the Physics and Astronomy Department, started Residential College two years ago. Students call him by his first name.



Star Tribune Photos by Rita
Marshak teased Residential College student Matt Kolling of St. Cloud as he stepped to the board in calculus class and kept his back to the group.

Living and learning at the 'U'

By Gregor W. Pinney
Star Tribune Staff Writer

There's a guy at the University of Minnesota who shows up now and then for dinner with students at a dormitory, and he seems to fit in perfectly. But he's not a student. He's a professor.

"But nobody calls him that," said a student, pulling up a chair. "He's just Marv."

Marv is Marvin Marshak, a 49-year-old professor of physics, head of the Physics and Astronomy Department and a finalist twice this year for high-level administrative positions at the university.

Dormitory food is not what brings Marshak to the cafeteria. He's there to live out an ideal he introduced a couple of years ago that is catching on at the university. It's called Residential College and brings students together for living, learning and closer relationships with instructors than most undergraduates get on the huge Twin Cities campus.

Turn to MARSHAK on B4



Student Stephanie Mages flashed Marshak a look of gratitude as he explained the solution to a calculus problem.

MARSHAK from B1

Aim of Residential College: Make the 'U' less impersonal

Residential College, which doesn't give degrees and isn't a real college, is part of a movement at the university to make it a friendlier and more effective place to get an education. The hope is that one day, the university won't be as impersonal as remembered by today's undergraduates, about half of whom don't stay to graduate.

On this evening, as a dozen students gather around Marshak's table, they talk about anything — the Rose Bowl, German autobahns, the firing of a dean — not about integral calculus. That's not the idea. Besides, that's what they'll be talking about in less than an hour when Marshak convenes his 6 p.m. class.

Just for freshmen

Residential College is strictly for freshmen this year, but four of the students at the table are sophomores who were in the program last year.

"We're here because we can't get enough of Marv," said Corey Donovan.

The dinner is over soon and

dishes are bused to the dishwasher. After a cold five-minute walk to the Physics Building, Marshak squeezes his way into a room of 40 students, nearly all of them from Residential College.

"You can usually tell when you walk into a class whether it's Residential College or it's not," said Liz Weisbrod, a freshman from Stillwater. "In this class, everybody knows each other. But if it's not Residential College, everyone would be quiet."

They know one another because all 160 students in Residential College live on certain corridors of two dormitories, Sanford and Territorial on the Minneapolis campus. And they all take at least one of eight "common courses." Marshak's calculus course is one of them. So is Gayle Graham Yates' course "Fiction, Art, Ethics and U.S. Public Life," which she created especially for Residential College.

And they socialize, but not a great deal. Some went with Yates to the Guthrie Theater to see "Big White Fog." And 45 of them piled into vans one night in November

to go to Marshak's house for pasta and improvisational skits afterward.

Most students at the "U" don't get that kind of big-group socializing unless they join a fraternity or sorority. Residential College could be called an alternative to the Greek system, but there's not much similarity. Students don't choose one another and anyone can get in if he or she applies soon enough to beat the crowd.

Weisbrod doesn't agree with the stereotype of the university as an impersonal place. "The only way it's impersonal is if you don't live here."

That pretty well sums up the problem because most students don't live on campus. Only 4,600 of the 23,000 undergraduates on the Twin Cities campus live in the dormitories; 1,100 live in fraternities and sororities. Up to now, the university hasn't seemed concerned. It hasn't built a dormitory in 25 years.

But two months ago, the regents ordered construction of a student residence hall and have said that more are on the way. And last week, a contract was signed with Dinnaken Properties to build a private apartment house in Stadium Village, exclusively for Residential College. It will open in September with rooms for 170 stu-

dents plus two classrooms and small study rooms. Live-in upper-class tutors can help freshmen with their studies.

Residential College doesn't have its own tutors now, but it does have three professors whom all students are to see each quarter for advice on choosing courses. That goal hasn't quite been reached, but a lot of Residential College students have gone in for appointments, a benefit most freshmen and sophomores never get. Most lower-division advising comes from career advisers or graduate students, not professors.

And most students don't have two faculty members come to the dorm when trouble strikes. That's what happened in September when a Residential College student received harassing mail at Territorial Hall. Marshak and Yates went over to comfort the student and to let others know that such conduct isn't tolerated at the university. The perpetrator was never caught, but the harassment stopped.

Marshak doesn't wait for trouble. He has his own keys to the dorms and stops by routinely. Before finals, he has gone over on weekends to hold review sessions.

"Residential College saved my tail, big time," said sophomore Rick Bardwell. "I don't know what I would have done if it hadn't been for Marv helping me through calculus."

Fellow students help

A lot of academic help doesn't come from faculty or tutors, but from other students. They get together for review sessions, especially before midterms and finals. Residential College makes it easy, they say. They don't have to post notices on bulletin boards to get a study group together; they just

walk down the hall and find familiar faces.

"Even if the students didn't help, it was good for moral support," said freshman Kevin Napolny from Doylestown, Pa. "Three of us went together to the test on government. And it made me feel I had at least somebody who knew what I knew and probably no more — than if I saw a lot of nameless faces and felt they all knew more."

Residential colleges aren't new. They date back hundreds of years to the fabled universities of England. Some American universities have set up residences with academic themes, often in languages.

The idea for Residential College came out of a late-night session at a pub at the University of Durham in England, where Marshak heard students talking about their classes. "It occurred to me students spend a lot more time where they live than in class."

If that living time can be focused more on academics, he reasoned, it may pay dividends. The idea was embraced by university officials, who had launched the University 2000 improvement plan and were looking for ways to make the campus friendlier and more academically productive.

Residential College will expand to about 300 members next year, but that's still only about 1 percent of the student body. To make more of an impact, it will have to become much bigger, but no one knows if that will happen.

Residential College doesn't have to solve the university's problems single-handedly, said Marshak. Other programs can be launched, and one has been. Space was set aside last fall in Middlebrook Hall for honors students from the College of Liberal Arts and the Institute of Technology, and they have their own live-and-learn arrangement.

MBG
- 1120

**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
February 9, 1996**

Mr. Chair, Ladies and Gentlemen of the Board, in this month's President's Report I want to update you on a number of recent, as well as continuing, initiatives.

• Tenure Code Review •

In January, you will recall, the Regents adopted a resolution calling for a comprehensive and systematic review of the Tenure Code. That review is well under way and is being led by the Faculty Affairs Committee, the Tenure Subcommittee, and the Tenure Working Group. More than a dozen meetings have been scheduled, and opportunities to participate are available to faculty across all four University campuses. In addition, a document entitled "Faculty Appointments, Tenure, and the Research University—Issues and Alternatives" has been developed and widely distributed.

At this point, the discussions have tended to focus on general issues rather than specific proposals. They have also revealed a variety of opinions and anxieties. One common concern is that the revision of the Tenure Code is part of a long-range plan to fire faculty members. I want to assure everyone that there is no such plan and that suggestions to the contrary are simply unfounded. Instead, the basic intention is for the faculty, the administration, and the Regents to reshape the current code, to ensure academic freedom and provide the institution with the flexibility to move forward on strategic decisions.

Over the next several months, specific policy revisions will be considered and debated, and by early summer we hope to present to the Board a set of recommendations for review and action. In the meantime, the administration will continue to work with Senate leaders in fostering faculty involvement in the review and in allaying faculty concerns as to motives and outcomes.

• Steam Plant Update •

Since the January Regents' meeting, the administration has vigorously pursued all avenues possible to ensure a resolution of our need to update the University's steam production facilities. Pursuant to the Board resolution, meetings have been held with representatives of the City of Minneapolis and surrounding neighborhoods in an attempt to identify an alternative off-river fuel flexible site. I am pleased to report that such a site has been preliminarily identified, and we are in the process of collecting additional information on this site. However, its acceptability to the

surrounding neighborhoods as a fuel flexible plant location is highly uncertain. Further discussions regarding the matter will be held over the coming days.

Legislation directed at our steam plant project has been introduced at the State Capitol. One bill prohibits the issuance of permits of any steam plant project on the Mississippi River using coal as a fuel. A second bill would appropriate an undetermined amount from the bond fund proceeds for predesign, design, site acquisition and preparation, and development of construction documents for a Minneapolis campus steam service. The stipulation is that it must not be located adjacent to the Mississippi River, and it must use natural gas and fuel oil as its only fuel sources.

Consistent with Board direction, the administration is proceeding with our permit application for the renovation of the University's existing plant. The Minnesota Pollution Control Agency has established its permit team and anticipates the completion of the draft permit in May. Following a 30-day public comment period, a final permit could be issued in July. I will continue to keep you informed of any new developments on this project.

• Annual Report on Research Awards •

The University of Minnesota continues to be a leader in sponsored research, securing \$293.5 million in FY95. This represents an increase of approximately 9 percent over the amount spent during the prior year and is consistent with the annual increase in sponsored awards that the University has experienced over the past decade.

As in past years, the major source of the University's research funding is the federal government and, in particular, the National Institutes for Health. In FY95, we received \$115 million, or approximately 50 percent of our federal research funding, from the NIH. The National Science Foundation was the second largest source, providing \$27 million in annual support.

At the same time, it is possible that we are reaching a maximum in the amount of research support we might expect from the federal government. The commitment to balance the federal budget within seven years will likely mean reductions in research appropriations. The American Association for the Advancement of Science predicts cuts as high as 30 percent in civilian research development. This will require universities to develop new strategies to ensure the vitality of their research contributions, and that is precisely what the University of Minnesota is doing through the leadership of the Graduate School and the Office of Research and Technology Transfer Administration. It is our commitment to continue to rank among the nation's leading universities in the support of faculty research and scholarship.

• Kellogg Commission on Future of State and Land-Grant Universities •

Along with 22 other university presidents, I participated in the recent discussions of the Kellogg Commission on the Future of State and Land-Grant Universities. The goal of the group is to frame the debate about the future of public higher education in America and to present an action agenda for change. Over the next thirty months, the Commission will release five reports that focus upon many of the challenges that the University of Minnesota is confronting in its *U2000* initiatives. These include:

The Student Experience

placing the centrality of the student experience, especially that of undergraduates, at the top of the higher education agenda;

Access

maintaining a commitment to access for all qualified students in the face of financial pressures and a changing multiracial and multiethnic society;

Engaged Institutions

redefining the issue of responsible engagement and outreach to meet community, national, and international obligations;

A Learning Society

creating a seamless web of education that links schools, training institutions, colleges and universities, emerging technologies, and distance learning techniques;

The Culture of the Campus

reforming what needs to be changed in our institutions while preserving the best of its traditions and practices.

The agenda is ambitious, but no less so than that advanced by the Land Grant Act some 134 years ago. As daunting as the immediate challenge might be, I am confident that the vision of Justin Morrill will continue to enjoy the support that has made our land-grant universities the world's leaders in teaching, research, and outreach.

• Visit to the Morris Campus •

The 1996 *Money* magazine, "Best College Buys," issue lists the University of Minnesota, Morris among the Top 150 Best Buys for 1996. I was not surprised by the assessment after I spent a day on campus in late January. I had the opportunity to meet with faculty, students, and staff, all of whom shared examples of an exciting and innovative learning environment. Especially striking was the student enthusiasm. Some talked about their membership in the Morris Academic Program and their faculty-mentored projects that ranged from 16th Century French history to parallel

computing, from Native American conceptions of geology to the exhibition of local artists. Others eagerly recalled their experiences in India, France, and Cameroon as participants in the Morris Foreign Study Program. Still others emphasized the expansion of computer-assisted learning which I observed firsthand in a stage design classroom, a residence hall, and the library. I also saw technology transfer at the West Central Environmental Consulting Services program, where a faculty member's professional skills are the basis for a new business venture in Morris, which employs several Morris graduates.

My visit ended with a dinner that included students and faculty members invited by the students. It was a stimulating event, combining intellectual excitement and the enjoyment of student/mentor interaction. It is easy to see why Morris has long been considered among the "top buys" in public undergraduate education.

• Personnel •

Mel George is retiring as Vice President for Institutional Relations. Mel came to the University of Minnesota in 1994 after serving as President of St. Olaf College and Acting President and Vice President for Academic Affairs of the University of Missouri system. He has been a strong leader and respected advisor on a variety of higher education issues, and his talents and dedication will be missed. He will continue to head a National Science Foundation commission that is reviewing science, math, engineering, and technology undergraduate education across the nation.

Appearing before the Board of Regents for the first time are three new deans. **Dr. H. Ted Davis**, who has been a University of Minnesota faculty member for 32 years, has been named Dean of the Institute of Technology. **Dr. Robert Elde**, who holds the J.B. Johnston Land Grant Professorship of Neuroscience in the Department of Cell Biology and Neuroanatomy, has agreed to accept a one-year appointment, renewable for one year, as Dean of the College of Biological Sciences. **Dr. Marilyn Speedie**, formerly Chair of the Department of Pharmaceutical Sciences at the University of Maryland-Baltimore, has accepted the Deanship of the College of Pharmacy. All three individuals have outstanding credentials as well as the leadership talent and dedication necessary to further the distinguished traditions of their respective colleges.

M36
p. 100

**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
March 8, 1996**

• U2000 Agenda for Change •

Fundamental changes in the organization and operations of the University are basic to the progress and ultimate success of *University 2000*. Even before *University 2000* was articulated as our strategic plan, the reorganization of Finance and Operations—particularly facilities management and financial information management—and the restructuring within, and creation of, the Academic Health Center set the stage for a continuing University-wide effort to reform and modernize the ways we do business.

It is certainly true that all organizations and operational systems evolve over time, adapting to new challenges and environmental shifts. It's also clear that our own structures and processes evolved in disparate, uncoordinated, and often inadequately supported ways. Throughout much of the post-WWII period, I think it's fair to say that growth simply dominated both attention and investment. Administrative and operational processes—even those with known problems—tended to be patched rather than systematically overhauled, and solutions that required investment were often treated as priorities for "later," which turned out to be the late 1980s.

For the last eight years, we have been paying attention, planning carefully, making investments, making changes, and building momentum for systematic, interrelated improvements in the ways we do business.

Especially under *University 2000*—very much because of *U2000*, the changes that we are accomplishing and undertaking are, at last, deliberately tied to our strategic directions and the key underlying issues of human, financial, and infrastructure resources.

That we have finally accomplished the integration of short-range and long-range academic planning, budget and financial planning, capital planning, and legislative requests—for the first time in University history—is major progress. And it's the tip of the iceberg. Less visible to many, but critically important to fundamental change in our institutional culture, we've been addressing virtually all areas of University operations. To be sure, many of the projects we have launched are best classified as "works in progress." The momentum for change engulfs us all, including the faculty and its leadership, as we revisit tenure for the first time in more than a decade. To the extent possible, we have tried to concentrate on the

"squeakiest wheels" and the investments of time and money that promise the best returns in better service as well as time and money savings.

Among the major initiatives on which we are working are:

- continuing the undergraduate initiative;
- outreach planning and development;
- Biological Sciences reorganization;
- review of the Graduate School;
- review of University College/Continuing Education and Extension
- review of the tenure code;
- restructuring academic programs in a provostal organization for the Twin Cities campus;
- re-engineering of the Academic Health Center;
- affiliation between the Academic Health Center and Fairview Health System;
- academic priority setting and restructuring on the Crookston, Duluth, and Morris campuses

Also among this year's major initiatives are eight process redesign projects on which I want to elaborate this month. These include:

- **Semester Conversion** - Changing the University from a quarter-based to a semester-based academic calendar, with the first semester in fall, 1999. This is the largest undertaking of its kind in University history, requiring the conversion of all of the University's 650 degree programs, the revision of most of its more than 12,000 courses, and the completion of numerous other tasks, coordinating both academic and non-academic processed with the academic calendar, and doing so under a rigorous schedule.
- **Grants Management** - Clarifying roles and responsibilities; developing and revising grants policies and procedures; developing and implementing grants management training; improving managerial reporting and internal controls; installing the Grants Application and Management System (GAMS).
- **Student Systems** - Substantially improving student support service processes and systems, making them more user-friendly and state of the art, by developing a new process vision for student administrative support services, developing an information technology strategy for student administrative computing, developing a plan for student system replacement, and implementing new student administrative support systems.
- **Financial Management System Strategy** - Providing a short-term strategy for solutions on issues that demand resolution in the next two years; providing a long-term strategy to understand options available

and the next steps required for process redesign and technology planning.

- **Business Service Delivery (Procurement)** - Five projects to improve business service delivery in a broad range of areas within the University, providing labor and other cost saving opportunities to departments and central units: Electronic Transfer of Billing Information (ETBI); Procurement Card; Travel Agency Expansion; Centralization of Copier Maintenance Transactions; University Stores Vendor Expansion.
- **Facilities Utilization** - Inefficient utilization of space and the need for a new space management system are both well documented. Facilities Management is developing pilot projects for a space database and a Facilities Management "data warehouse," using new technology that makes both tabular data and graphics accessible to units and central offices.
- **Human Resources Information Systems** - Reengineering business processes and replacing current systems necessary for management of employee information in order to increase efficiency, improve data accuracy and availability, improve service to units and individuals, and reduce costs. Business processes to be redesigned span the employment life cycle (pre-employment, day of hire, ongoing employment, end of employment, and behind the scenes functions). Systems to be replaced include Applicant Tracking, Human Resources, Payroll, Benefits, Staff Demographics, and Seniority Tracking.
- **Resource Allocation System (RCM)** - Systematically reviewing four key aspects of the University's approach to planning and budgeting: attribution of tuition; allocation of state funds; management of space; and allocation of indirect cost recovery funds. Work groups will evaluate each aspect and make recommendations on how it would operate under a University of Minnesota system of RCM.

This month's committee meetings will involve topics related to several of these projects, but I want to call your special attention to the presentation on **Human Resources Systems: Denny Commission "Principles,"** at Friday's meeting of the Committee of the Whole. Mr. Chuck Denny, Chair of the Working Group on Human Resources Policies, will present the Working Group's preliminary report, pages 9-19 in your docket materials.

Mr. Denny and his colleagues have properly—and eloquently—focused on principles, central and basic principles that recognize where we are today and how we got here, what we are and want to be as an institution, and how we are all responsible—as individuals and as an institution—for shaping, implementing, and working within human resources policies and programs.

Human Resources is one of those areas where the evolutionary process of the last several decades has been a case, in the Commission's words, "...bad systems happening to good people." Certainly one reason for this is that this university has never undertaken as comprehensive a review of Human Resources as the Denny Commission is accomplishing now.

The Commission's preliminary report gives more than principles, capturing both the historical context and a principled, strategic vision for human resources policies and management. With the thoughtful preamble that the Denny Commission has put before us this month, we can turn to the four major areas that are on the Commission's—and the University's—agenda this spring:

- Recruitment and staffing;
- Developing administrators and reviewing their performance;
- Employment grievances and dispute resolution processes; and
- Compensation policy, principles, and structures.

Reports on each of these areas will be presented to the Board over the next five months, with a final report to be completed by August, 1996. Again, in the words of the Denny Commission, "It is a difficult, but not impossible task," and I am confident that we have the people and the principles to accomplish it.

• **Rankings in *U. S. News & World Report*** •
March 18, 1996 Edition, "America's Best Graduate Schools"

The latest in the series of college and university program rankings by the *U.S. News & World Report* will be published in the March 18 issue. It's not easy to generalize, for reasons I'll explain, but, speaking in Minnesotan, there's "pretty good" news on University of Minnesota rankings.

First, it's important to know that the *U. S. & World Report* rankings are never comprehensive, covering all of undergraduate, graduate, and professional education. The March 18, 1996 issue covers only graduate and professional programs—and only some programs.

Comparing year to year is often impossible, because they do not report ranks the same way each year. Some years, they don't report ranks for certain programs. Some years, they've reported the top 25 or top 50 ranks; other years, they've reported only top 5 or top 10; some years, they haven't reported any ranks in some fields.

U. S. News and World Report is one of several published rankings of academic programs. Which is most credible depends on audience. In academic circles, there is no question that the rankings of the National Research Council—reported to you last fall—are the most highly regarded.

For the public, especially prospective students and their families, the *U. S. News & World Report* rankings are very important, and those issues of this publication enjoy very large circulation, certainly having considerable effects upon student and family choices.

For those programs that are covered in the March 18 issue, among public and private universities:

- The Carlson School of Management is ranked 32, up from 34 last year.
 - The Part-time MBA program is 9th, the same as last year.
 - The graduate program in Management Information Systems is 2nd, the same as last year.
- The College of Education is ranked 7th, up dramatically from 25th last year, but Dean Bruininks cautions that last year's ranking may have been lower because of missing data. He says that the ranking of 7th is fairly consistent with other rankings by other organization in previous years. Nonetheless, that ranking of 7th this year is good news, and its publication will help the College.
 - The graduate program in counseling was ranked #1 this year. They have not published rankings for counseling in prior years.
 - Educational Psychology is ranked 5th; again, we don't have ranks for earlier years.
 - Special Education is ranked 4th, down from 3rd last year.
 - Vocational/Technical Education is ranked 2nd, the same as last year.
- Graduate programs in Engineering are ranked 12th, up from 14th last year.
 - Chemical Engineering is ranked 2nd, up from 3rd last year.
- The Law School is ranked 21st, down from 18th last year.
- Among doctoral programs in science that were ranked this year,
 - Chemistry ranked 20th, down from 19th last year;
 - Geology ranked 22nd, up from 25th last year;
 - Physics ranked 25th, down from 23th last year;
 - Mathematics ranked 15th, up from 16th last year;

- and Applied Mathematics ranked 5th, with no ranking reported in prior years.

As you can see, there are many graduate program rankings that have not been reported. What I've reported to you is based on advance information that has been released to university news services, and we know there will be a few more programs covered in the March 18 issue.

NHS
9/1/20

**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
April 12, 1996**

• U2000 Agenda for Change and the University Plan, 1996-97 •

Mr. Chair, Ladies and Gentlemen of the Board, it is an understatement to say that the "U2000 Agenda for Change" is becoming, as I said last month, "an enormously challenging agenda."

Just the list of planning and budgeting documents that inform this spring's agenda is formidable: U2000, the 1996-1997 Biennial Budget Partnership Proposal, the annual University Plans for 1995-96 and 1996-97, the Operating Budget for FY 1996, the Financial Plan for FY 97, the Capital Budget, and the Operating Budget for FY 1997.

It is a huge accomplishment that all of these are now integrated processes, and that makes it all the more important to maintain a clear and orderly schedule. The following steps are involved:

- | | |
|--------------------|--|
| Ongoing | 1. Identification of issues that should be addressed as part of planning and decision making for the coming academic year and the next biennium – especially as part of the preparation of the biennial request for 1997-99. |
| Under- way | 2. Preparation of preliminary proposals for dealing with these issues by the administration on the basis of past planning and planning underway. Detailed analysis of all proposals by budget and planning analysts. |
| April-June, 1996 | 3. Review of proposals by appropriate governance groups and, as appropriate, task forces with representation from the University and the community. |
| June 1996 | 4. Preparation of final proposals by the administration. |
| July-Sept, 1996 | 5. Presentation of recommendations to the Board of Regents for review in July and action in September. |
| Sept-October, 1996 | 6. Presentation of the Biennial Request to the Board of Regents for review in September and action in October. |
| Next several years | 7. Implementation of organizational and other changes as approved by the Board on appropriate time tables. |

This process is similar to what we have followed in the past, for example, in 1991. I believe it will stand us in good stead as we continue with major restructuring.

Last month, the Board heard presentations on administrative process redesign initiatives, by themselves a formidable change agenda, but they don't begin to capture the full U2000 agenda, which must include academic program redesign.

On March 29, to set the stage for your consideration of the University Plan, 1996-97, the annual budget, and the development of the University's biennial request for fiscal years 1998 and 1999, I sent to the Board an overview that dealt primarily with academic programs on the Twin Cities campus. It outlined the new investments and structural realignments proposed by the three Twin Cities campus Provosts.

All of these, the on-going administrative process redesign initiatives and the proposed academic redesign efforts—new investments and structural realignments—are incorporated in the University Plan, 1996-97.

Taken together, as they now can and must be, the system-wide and campus academic plans, the administrative process redesign initiatives, the University's financial plan, and the University's capital plan all make up the U2000 Agenda for Change. By any measure, it is the most crowded, the most comprehensive, and, yes, probably the most controversial agenda the University has ever faced.

Provost Gene Allen was quoted in the Daily last week that "there is not another college or university in the country that is undergoing the amount of change that is happening here." That is probably true, despite the irony that we have faced—and still face—no shortage of pressure from state government, from opinion leaders on and off campus, and from the University administration and the Board, to accelerate the process of change and put tougher and tougher choices on the table. I have shared those frustrations, but I also recognize that it had to take time to reorganize our decision-making structures and to develop and integrate our academic, financial, and capital planning capabilities. All of those developments are finally coming together this year, on the table in form of the University Plan.

We've been making difficult decisions for several years, but it hasn't gotten any easier with practice. It's obviously getting more and more difficult as the easier decisions fade into history.

That's all the more reason to keep in mind why we're doing this. Going back to my State of the University address last fall, we are meeting challenges, making choices, and accomplishing strategically planned changes. We have transformed the University, and we are continuing to

transform the University. That's what University 2000 and the annual University Plan are all about.

PROPOSED ACADEMIC PROGRAM PLANS

COORDINATE CAMPUSES

The following overview of Coordinate Campus plans was not included in my letter of March 29, but the Crookston, Duluth, and Morris plans are now included in the University Plan - 1996-97.

Duluth Campus

The major challenge for the University of Minnesota, Duluth is to maintain quality in a residential setting without compromising access, with a continuing focus on exemplary undergraduate education nurtured by the research and artistic efforts of the faculty, selected graduate and professional programs that support the mission and focus on the undergraduate learning experience, and a commitment to the history of the land-grant university including providing innovative solutions to the issues challenging the future of Northeastern Minnesota. For FY97 and the next biennium, the University of Minnesota, Duluth will place emphasis on the following items:

- New investments include:
 - Strengthening the core liberal arts with a strong commitment to professional programs in the sciences and engineering, the arts, business, education, and medicine;
 - Establishing practitioner-oriented "masters" programs (i.e., K-12 professional development in education, graphic design, and an executive M.B.A.);
 - Continuing the growth in teaching, outreach, and interdisciplinary research on environmental and fresh water issues and problems;
 - Improving the physical, technological, and informational infrastructure of the campus, with construction of a new library a top priority;
 - Continue definition of outreach efforts through regional partnerships and increased recognition of community needs; and
 - Implementing articulation agreements with Lake Superior College, Fond Du Lac, and Iron Range community colleges to assist transfer and, where possible, make the best use of institutions' limited resources.

- Structural realignments include:

- Reorganizing student affairs to recruit and retain students more effectively;
- Integrating CEE/University College into the framework of the campus to improve efficiency and focus programmatic development;
- Improving linkages between the UMD Medical School and the campus at large, especially in the areas of rural health care and American Indian studies; and
- Exploring administrative realignments that provide for increased efficiency in the delivery of existing and new programs.

Morris Campus

The major challenge for the University of Minnesota, Morris is to continue to provide high quality undergraduate, residential, liberal arts education within the setting of a small, public institution, with an emphasis on creating opportunities for learning beyond the classroom that are grounded in the campus's commitment to teaching, research, and outreach as part of the University of Minnesota's mission. For FY97 and the next biennium, the University of Minnesota, Morris will place emphasis on the following items:

- Increasing revenue, through a combination of a 4.2% increase in enrollment, an increase in tuition of 2-3% above competitors, and efficiency gains;
- Improving enrollment management, including improved sophomore to junior year retention and an increase in transfers to Morris at the junior level; and
- Investing in infrastructure, both facilities and faculty, in order to better compete with its peer institutions.

Crookston Campus

The major challenge for the University of Minnesota, Crookston is to continue to provide exemplary undergraduate polytechnic programs focusing on applied theory and demand-driven specialized skills through collaborative relationships with other colleges, business, and industry emphasizing technology experiences for careers in the information age workplace. The programs, requiring field experiences for work, training, and personal growth, are delivered in an applications-rich teaching and learning environment that supports applied research leading to technology transfer and commercialization.

Investments include:

- Programs that build, promote, and enhance the rural economy;
- Agricultural plant and animal management;
- Processing and manufacturing management;
- Environmental and natural resource management;
- Information networking management;
- Business management;
- Health care management;
- Hotel/restaurant management; and
- Human resource management.

• Bonding Bill - 1996 Session •

The bonding bill that was passed by the legislature and signed by the Governor last week authorizes \$93.8 million for University projects. Our original request was \$132.7 million. The Governor's capital budget recommended \$97.8 million, the House bill included \$43.9 million, and the Senate bill included \$84.5 million, so the final bill was a true compromise.

Like all of the bonding bills in past years, this session's bill has its share of disappointments, but \$93.8 million in bonding authority must be regarded as a major success. We are obviously very disappointed that full funding of the UMD library project was not approved this session, but we will be able to proceed with the planning, which was funded, and go back with detailed plans and full vigor next time.

This was a legislative session where the bonding bill faced even more obstacles than usual. I want to express my appreciation to all of those who assisted in the lobbying effort: Regents; students, staff, and faculty; alumni; and other stakeholders. We are all particularly indebted to Donna Peterson and her staff, who kept us all informed, organized, and energized.

I also want to take this opportunity to thank Governor Carlson and the members of the legislature who worked so hard on this session's bonding bill. They faced far more capital improvement needs than could possibly be met in any biennial period, and they clearly acted in support of the University.

• President's Visit - Wabasha and Lake City •

On March 18, I had the pleasure of visiting Wabasha and Lake City, accompanied by Regent Neel, HHH Dean Ed Schuh, MES Dean Kathy Kennelly, Sam Jay from the UM Alumni Association, and Kathy Yaeger from Institutional Relations, who organizes the "President's Visits." It was a special pleasure to be accompanied also by Governor Orville Freeman, whose family came from that area.

This was the 46th "President's Visit" that I have enjoyed making to Greater Minnesota communities that do not have a University of Minnesota campus. As you all know, having taken part as Regents, these have usually been full-day visits involving alumni and other local leaders, staff of the Minnesota Extension Service, area media, schools, service clubs, and other local organizations. I will probably exceed 50 such visits in the next several months, placing me second—but a distant second—to Regent Sahlstrom in the number of Minnesota communities where I've made speeches about the University!

Regent Neel and I spoke to about 50 alumni and local leaders at Lake City. Dan Koverman, City Manager for Plainview, was MC, and there were presentations covering 4-H, the Wabasha County Development Corporation, our Master's program in education at Rochester, and Mississippi Valley Partners. All, as Regent Neel can confirm, were highly laudatory of the University of Minnesota's involvement in the area.

Then, to my "grandfatherly" delight, we visited the LARK toy factory in Kellogg. "LARK" stands for Lost Arts Revival by Kreofsky, and it's owned by Donn and Sarah Kreofsky. Donn has a Master of Fine Arts degree from the University. In addition to wonderful wooden toys, they are making a huge carousel with wooden fantasy animals. I have no doubt that it will become one of the most visited works of a University alumnus artist, and I've proposed that our alumni magazine publish a feature story on it.

Later, in Wabasha, we visited the MES office and saw a demonstration of the "Access Minnesota Project," which gives any resident in the area access to the Internet. Then we had an informal meeting with local leaders where Dean Schuh talked about the Rural Development Council, which I appointed in 1992, and which Dean Schuh chairs. That was followed by the annual meeting of the Wabasha County Development Corporation, where Regent Neel, Governor Freeman, Dean Schuh, and I all had the opportunity to speak.

• More *U.S. News & World Report* Rankings •

New information came in after I reported to the Board last month on rankings in the 1996 "America's Best Graduate Schools" issue of *U.S. News & World Report*: For the second year in a row, the UMD School of Medicine was ranked #2 in the nation in rural medicine and #11 in graduates entering primary care-pediatrics, general internal medicine, and family practice.

• Graduate and Professional Student Appreciation Week •

This week, April 8-14, is National Graduate and Professional Student Appreciation Week, sponsored by the National Association of Graduate and Professional Students. Governor Carlson has proclaimed this week

Graduate and Professional Student Appreciation Week in Minnesota, joining the Governors of Arizona, Colorado, Florida, Indiana, Illinois, Pennsylvania, Texas, and Washington.

On campus, the Graduate and Professional Student Assembly and the Council of Graduate Students have collected more than 600 signatures on the following Statement of Recognition:

We, the undersigned members of the University community and other advocates of higher education, reaffirm our support of graduate and professional students at the University of Minnesota. We recognize graduate and professional students contribute considerable time and talent to the research, teaching, and service missions of the University. We further recognize the value of these graduate and professional students who contribute to the social and economic welfare of the State of Minnesota.

Be it therefore requested, in recognition of individual and collective graduate and professional students' achievements and dedication to their fields of study, of University of Minnesota President Nils Hasselmo that the week of April 8-14, 1996, be proclaimed as Graduate and Professional Student Appreciation Week at the University of Minnesota.

We don't have a formal process for such proclamations, but I find it easy to proclaim that the Graduate and Professional Student Assembly and the Council of Graduate Schools have, themselves, already made this Graduate and Professional Student Appreciation Week. My role, and my pleasure, is to thank them for their fine efforts to engage the University community in the recognition of graduate and professional students. I am particularly grateful to Ms. Kathy James of GAPSA for her work in organizing this tribute.

• Academic Health Center Provost •

The Johns Hopkins University has made an exceptionally good hiring decision in selecting Bill Brody as its president. Provost Brody has been an extraordinarily effective agent of change in his too-brief career at the University of Minnesota. Beyond the immediate controversies he faced, the fact that Minnesota's health care environment is dominated by the most advanced development of managed care presented the enormous challenge of adapting the University's health care teaching, research, and outreach programs to meet unprecedented competition.

To maintain the momentum that Provost Brody has accomplished, we were confronted with the urgent need to appoint a new Provost of the Academic Health Center. Pursuant to the University of Minnesota's *Policy on Exceptional Hires*, I recommended, and the Board approved, the appointment of Dr. Frank B. Cerra as Provost, Academic Health Center, effective April 15, 1996.

Following the pattern of the other provostal appointments, this appointment is for an initial three-year contract, with conversion to annually renewable appointments thereafter.

The Academic Health Center reengineering agenda, the negotiations with Fairview Health System, and the review of the tenure code as applied to AHC units are all at critical stages. Dr. Cerra is already exercising very effective leadership in all of these areas, and the great majority of individuals with whom I have consulted endorsed him wholeheartedly as Provost.

• North Central Association Accreditation •

On May 13-15, the Twin Cities campus will be visited by the evaluation team representing the North Central Association of Colleges and Schools, Commission on Institutions of Higher Education. This is our regular, ten-year accreditation process, and the University has been accredited by the North Central Association continuously since 1913.

Members of the Board of Regents will soon receive invitations to meet with the evaluation team. Regents will also receive copies of *A Land-Grant University for the 21st Century*, the 1996 Accreditation Self-Study of the Twin Cities Campus, which was just completed.

A report of this magnitude is obviously the collaboration of many members of the University community, but I want to express my gratitude to Dr. Darwin D. Hendel, Office of Planning and Analysis, Academic Affairs, and the other members of the North Central Advisory Committee:

Professor Carole Bland, Family Practice and Community Health
 Mr. Chris Boik, Minnesota Student Association
 Professor Frank Busta, Food Science and Nutrition
 Professor Edward Cushing, Ecology, Evolution, and Behavior
 Professor Marilyn DeLong, Design, Housing and Apparel
 Ms. Laura Dulan, Graduate and Professional Student Assembly
 Dr. Linda Ellinger, Office of Arts, Sciences, and Engineering
 Dr. David Grossman, Continuing Education and Extension/
 University College
 Professor Laurie Hayes, Department of Rhetoric
 Dr. Harriett Haynes, University Counseling and Consulting Services
 Professor Karen Karni, Laboratory Medicine and Pathology
 Professor Thomas M Scott, Department of Political Science
 Mr. Edson Spencer, Spencer Associates
 Professor Craig Swan, Department of Economics
 Mr. Marvin Trammel, Senior Vice President, Minneapolis YMCA
 Professor Catherine Wambach, General College
 Professor Frank Wilderson, Department of Educational Psychology.

• Cancer Center Dedication •

On March 30, the University of Minnesota Cancer Center celebrated the dedication of its new home, the Masonic Cancer Research Building, a four-story, 82,000 square feet addition on top of the Dwan Cardiovascular Research Center. The fund-raising campaign chaired by Winston Wallin raised \$30 million, \$5 million from the Masons, providing \$20 million for the facility and \$10 million for the support of ten new research positions.

One new position, the Winston and Maxine Wallin Land-Grant Chair in Cancer Prevention, was filled on March 29, with the announcement of the appointment of Dr. Stephen Hecht, an internationally recognized expert on cancer causing substances in tobacco products.

University investments in the Cancer Center in the FY 1997 budget include \$150,000 for staffing until sufficient grant funds can be secured, plus a \$3,500,000 recurring allocation for core infrastructure, an investment that will potentially realize a 10 to 1 benefit by attracting top researchers and sponsored research funding.

1074

**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
May 10, 1996**

• University Budget, Fiscal Year 1997 •

The University's budget for fiscal year 1997, approved today, includes a number of significant accomplishments—both in terms of meeting challenges and providing new opportunities for investment.

The primary accomplishment of the budget is the provision of \$45.7 million for U2000 strategic investments. These investments supplement the \$17.4 million we have invested in the six U2000 strategic areas this year. For this biennium, then, the total of strategic investments we've been able to make will be \$63.1 million:

<u>Strategic Area</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>Biennium</u>
Research	\$4,725,000	\$9,270,000	\$13,995,000
Grad/Prof Education	1,660,000	10,010,000	11,670,000
Undergrad. Education	2,045,920	7,347,746	9,393,666
Outreach & Access	1,784,602	2,682,664	4,467,266
User-Friendliness	7,035,000	15,660,316	22,695,316
Diversity	169,800	723,352	893,152
Totals	\$17,420,322	\$45,694,078	\$63,114,400

In the face of no additional funds from the state and the real possibility of no real growth in the future, this budget also incorporates planned investments in the facilities infrastructure, in the redesign of administrative processes, and in compensation increases. Moreover, next year's budget avoids a significant budget imbalance by making prudent use of the non-recurring, "one-time" appropriations made by the 1995 legislature. By avoiding recurring commitments of those dollars, we expect to end next year with a "structural imbalance" of less than 2/10 of one per cent of total expenditures—a good position to be in as we face the next biennial budget request.

All of these accomplishments are possible only by facing difficult choices, mainly reallocations and tuition increases. The total tuition revenue increase includes:

- a basic tuition rate increase for regular day school tuition, sufficient to raise tuition revenue 7.5% above the current revenue estimate for fiscal year 1996, raising \$11.6 million;
- \$1.1 million in specially adjusted rate increases (Morris, Twin Cities common upper division rate, Architecture, Law, Pharmacy Pharm D);

- \$2 million in new and existing programs' volume increases (Morris, Crookston, Dentistry, Education and Human Development, Human Ecology, Twin Cities Liberal Arts);
- \$1.2 million in projected revenue from Summer Session; and
- \$2.6 million in projected revenue from Continuing Education and Extension/University College.

To mitigate the impact of tuition increases, this year's budget added \$1.4 million in University need-based financial aid. Next year's budget adds an additional \$1.422 million. For Twin Cities campus students eligible for the State Grant program and taking 12 or 15 credits, the combination of the State Grant and the University need-based financial aid will fully cover next year's tuition increase.

Next year's budget also provides \$750,000 for University merit-based scholarships that will assist the Office of Admissions in recruiting academically talented students.

• North Central Association Accreditation •

As I reported last month, next week—May 13-15—will be the Twin Cities campus site visit by the North Central Association of Colleges and Schools, Commission on Institutions of Higher Education. I hope that members of the Board have had the opportunity to at least begin reviewing the 1996 Self-Study, *A Land-Grant University for the 21st Century*.

The Self-Study is an imposing document. Accreditation documents usually are. Realistically, it also must be acknowledged that accreditation documents are usually studied less than they ought to be. They're not generally regarded as spell-binders, except, perhaps, when institutional accreditation has been in doubt, which is rare in major institutions.

The Self-Study that our Office of Planning and Analysis and our North Central Advisory Committee has produced is, by far, the best accreditation self-study I have seen. It captures a ten-year history of substantial campus change, and it includes or summarizes the key planning documents contributing to that change. In addition, it's user-friendly, both as a printed report and, for the first time for the University, as a World Wide Web site:

<http://www.opa.pres.umn.edu/accred/accred.html>

• President's Visit - Grand Rapids •

The April 23 visit to Grand Rapids was my 47th "President's Visit" to Greater Minnesota communities that do not have a Coordinate Campus. I have reported to you on many of those visits over the years, and I just have

to say that they keep getting better and better. It's impossible to convey the full flavor of those visits; as the saying goes, "you had to have been there." My consolation is that members of this and earlier Boards have always been there, so each of you knows how gratifying it is to interact with those communities' leaders and the University personnel who work in their communities.

For the Grand Rapids trip, the Board was represented by Regents Larson and Sahlstrom, who will back me up in the assessment that "better and better" describes this year's Grand Rapids visit.

We began with a tour of the North Central Experiment Station's new cattle forage research facility on the South Farm, hosted by Station director Dave Rabas.

Then we attended an alumni and donor reception, hosted by Dr. Dan Erkkila, Minnesota Extension Service, who also serves on the Minnesota Alumni Association National Board. That was followed by a joint luncheon with the Northern Minnesota Citizens League, where I was keynote speaker.

After the luncheon, Vicki Nelson of the Humphrey Institute's Center for School Change, hosted us at Grand Rapids High School, where we met with a combined English and Social Studies class and another group of student leaders.

At our last stop, the North Central Experiment Station, Minnesota Extension Service staff hosted a presentation on University programs in local communities.

We heard about the Community Business Retention and Expansion Program from Sandy Layman, Executive Director of the Grand Rapids Chamber of Commerce, and Frank Allen, Director of the Itasca Development Corporation.

Director Don Streufert told us about the Citizens Council Center for Reducing Rural Violence, which works with the Blandin Foundation, the Annenberg Rural Initiative, our Center for School Change, and our Children, Youth, and Family Consortium.

Lake County Extension Educator Wayne Seidel gave a presentation on the Arrowhead MES Cluster Water Quality Issue Team, which is working with state, county, and local governmental agencies, local companies, and shoreline property owners to reduce pollution through Best Management Practices.

Our last presentation was by Carl Wegner, Itasca County Extension Educator, on cooperative planning efforts of the College of Natural Resources. Dean Al Sullivan was with us throughout the day, and I must

add that I heard nothing but high praise for the good work of College of Natural Resources faculty and staff, throughout the state and especially in the Grand Rapids area.

As we have experienced time and time again during these community visits, there is far more work being done by University people, in cooperation with their communities, than any survey or quantitative measure can easily capture. One of U2000's critical measures, now stated as "The University's Interaction with Society: Partnerships, Services, and Impacts," addresses the challenge of measuring such interactions, but I've learned from 47 community visits that no such measure can replace getting out to the communities and seeing outreach and access happen where it makes a difference to citizens.

• Integrated Framework •

Yesterday's meeting of the Audit Committee afforded me the opportunity to update the Committee on implementing the Integrated Framework into the operational planning, budgeting, and evaluation processes throughout the University community. It was also an opportunity to reconfirm the administration's commitment to the Integrated Framework as a key step in promoting a culture of accountability and responsibility—in the conversion to the provostal system, in the extension of the Audit Department's role beyond financial auditing, and in the identification of long term goals within U2000.

We are adapting and implementing the Integrated Framework into a changing University culture. We've had active discussions within each of the operational areas within the University. The University Plan brings together the financial and programmatic issues and addresses the need to assess risks. That is now happening in the Executive Council, as we develop methods of evaluating proposals that will deal with the operational, financial, and academic alternative. It's also happening as we develop benchmarks—critical measures—first at the institutional level, then at the campus, and provostal levels, and now at the unit level. Annual unit performance reports, part of our planning and evaluation cycle, will provide means of assessing whether we are accomplishing our objectives. The Integrated Framework also gives us an opportunity to make better use of the criteria we've used from the early 1980s for academic planning decision making: quality; centrality; relative advantage, efficiency and effectiveness; and demand.

A Financial Planning Framework has been developed and is being discussed by the Executive Council. The Board of Regents has seen a preliminary version of the needs assessment. We are developing strategies to meet those needs, and in July we will present a status and progress report to the Board as a backdrop for the Biennial Request.

1155
P72r

**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
June 14, 1996**

Mr. Chair, Ladies and Gentlemen of the Board, it's the time of year when the University community is busy with ceremonies of celebration, principally the commencement ceremonies where all of us—Regents and administrators, faculty and staff, and graduates and their families and friends—share the pride and joy of academic accomplishment. Our meetings this month feature further celebration of a number of University awards and recognitions that I am happy to include later in the President's Report.

• Proposed Tenure Code Revisions •

Our faculty's proposal for amendments to our Tenure Code is thoughtful, responsible, and responsive to our requests for review and reform. We all agree that academic tenure is an absolutely essential protection of freedom of inquiry and expression. We also all agree that the best way to protect academic tenure in an era of external challenges is to have a credible and effective tenure code.

First and foremost, the faculty's proposal promotes the excellence of the University and strengthens our Tenure Code, protecting—rather than weakening—the future of tenure as a fundamental value of this University—a fundamental value that will be attractive to, and protective of, a most talented faculty, and therefore in the best long-term interests of the people of Minnesota.

For nearly 150 years, the University's massive social, cultural, and economic impact on Minnesota has been made by creative and dedicated faculty. Often, those impacts have resulted from new or unconventional ideas, made possible by the protection of freedom of inquiry and expression that academic tenure provides.

Second, through the very important new "Preamble," the faculty's proposal provides for everyone concerned—on campus and off—a clear and eloquent statement of the fundamental value—the purposes and benefits—of academic tenure.

The Preamble states, among other things:

"Tenure is the keystone for academic freedom; it is essential for safeguarding the right of free expression and for encouraging risk-taking inquiry at the frontiers of knowledge. Both tenure and academic freedom are part of an implicit social compact which

recognizes that tenure serves important public purposes and benefits society.

Faculty have the responsibility of furthering the institution's programs of research, teaching, and service, and are accountable for their performance of these responsibilities.

Tenure and promotion imply selectivity and choice; they are awarded for academic and professional merit, not for seniority."

Third, the Faculty Senate's proposed amendments squarely address and clearly satisfy the requirements in my memoranda to the University Senate of April 18, 1996 and April 22, 1996. In these memoranda, I specifically outlined the revisions that I could support and take to the Board of Regents:

1. clarify that, in the interest of meeting the objectives of a department, department heads may assign tasks to faculty members;
 - That clarification has been forthcoming—it is unambiguously clear that unit chairs and heads may assign faculty members to teach particular courses.
2. clarify that reassignments and retraining may be necessary in the case of program change;
 - Again, the Code has been clarified to meet this objective; when programs are discontinued, the administration may reassign faculty, and these reassignments do not require the faculty member's consent. If warranted, faculty retraining may be required.
3. define the categories of faculty appointment in which tenure may be granted, as opposed to categories where time-limited contracts will be used to ensure needed flexibility;
 - The Code has been amended to allow "term," as opposed to tenure-track, appointments for faculty who are primarily engaged in clinical and/or service activities.
4. permit colleges to extend the probationary period to up to nine years;
 - Here again, the Faculty Senate responded. The revised Code permits colleges, and sub-units thereof, to increase the probation period to up to nine years.
5. reaffirm that tenure is tied exclusively to base salary and not to other income sources (e.g., overload or summer session earnings; administrative augmentations; non-recurring salary increases;

clinical earnings; bonuses and other forms of incentives); everyone's current base salary is guaranteed;

- The revised Code now defines base salary. Tenure attaches only to the base salary component of total compensation. Clinical pay is not part of the base salary.
6. ensure more time-efficient and effective judicial processes;
- To expedite termination-for-cause cases, two levels of the the procedure are removed from the code, and intermediate penalties short of termination are also permitted.
 - To assist the Judicial Committee in the conduct of faster, fairer, and more efficient hearings, the institution of a legal officer is formally adopted.
 - Non-academic freedom disputes arising out of teaching assignments and all disputes arising out of new assignments resulting from programmatic change will be resolved through the University's Grievance Policy.
7. effect a meaningful post-tenure review process.
- The revised Code introduces a new post-tenure review process to be followed in cases of substandard performance by tenured faculty members. Where improved performance does not result, the faculty member's base salary may be reduced or dismissal proceedings may be triggered.

To meet all of the objectives that I stated requires two kinds of proposed actions: amendments to the Tenure Code itself; and formal interpretations that have the same legal effect as amendments, but require a somewhat different approval process. Both amendments and interpretations require approval by the Board of Regents.

The Executive Council and I unanimously support all of the amendments to the Tenure Code proposed by the Faculty Senate. With respect to the interpretations proposed by the Faculty Senate, the Executive Council and I have proposed two new interpretations, and one revision to interpretations in the Faculty Senate proposal. These administrative proposals must go back to the Faculty Senate's Tenure Subcommittee for review and action, and I expect that we will be able to agree on the language involved before the Board's July meeting.

Fourth, I believe that the Faculty Senate's proposal will satisfy the Legislature's condition for release of its performance incentive account for the Academic Health Center. Specifically, I believe that the changes in the Tenure Code "enable the University to alter clinical compensation and base

salary, and provide a streamlined due process procedure for separation under the Provost of the Academic Health Center, without infringing on academic freedom."

Finally, the faculty, the Executive Council, and I are in full agreement concerning changes that should not be made in our Tenure Code, specifically that individual faculty tenure should continue to be sited at the institutional level, and that tenured faculty should not be laid off at the University for any reason other than institutional financial exigency.

- At first blush, it may seem common sense to many people that if department X is cut, the professors of X ought to be terminated. However, in fact, the elimination of a department—an organizational unit—may result in early retirements, moves to other universities, and internal reassignments. Experienced and talented faculty members should not be automatically discarded. That experience and talent is the most important resource of any university.
- After more than ten years of budget cutting and reallocations, few departmental candidates for closure remain. Far more likely, and well into the future, academic program change will take place as reorganization rather than simple closure of departments.
- If tenure is unit-based, it would tend to emphasize local vs. University-wide identification and loyalty, at a time when the latter are very much needed. In my judgment, unit-based tenure would lead to little more than creating rigid enclaves within the University. It is noteworthy that the June 13 report to the Faculty, Staff, and Student Affairs Committee of the Task Force on Human Resources stressed University-wide identification and loyalty by faculty, staff, and administrators as essential to effective management of our human capital.
- Under unit-based tenure, it is also highly likely that any form of program reorganization would be perceived as a real threat to tenure rights of faculty members in any of the departments affected. Instead of fostering academic program flexibility and cross-disciplinary teaching and research enterprises required to deal with changing needs, unit-based tenure might very well serve to eliminate flexibility altogether.

Without institution-based tenure, mergers and reorganizations would require re-tenuring of the affected faculty, and possibly new searches before we could transfer tenured faculty. Even if mergers and reorganizations planned no elimination of tenured positions, faculty members would be understandably concerned that lay-offs could happen, and that would surely affect their attitudes toward proposals for reorganization.

- Short of institution-wide fiscal exigency, the University already has

sufficient flexibility to reduce the number of, and budgetary obligations to, tenured faculty. Over the past six years, 902 faculty members left the University, 28% of the 1989-90 total of tenured and tenure-track faculty. Over the same period, 668 faculty members were hired, 22% of the 1994-95 total. With that level of normal turn-over, the University has considerable flexibility in deciding how many faculty members to replace, and at what levels of compensation—enough flexibility, I submit, to eliminate the need for lay-offs unless there is a genuine institution-wide financial exigency.

To return to the Preamble, "the people of Minnesota are best served when faculty are free to teach, conduct research, and provide service without fear of reprisal and to pursue these activities with regard to long term benefits to society rather than short term rewards."

The individual talents of faculty members comprise the University's most precious resources. With an improved Tenure Code as the keystone for the protection and management of these individual human resources, the strength and impact of the University's human resources will be far greater than the sum of their individual parts.

The Faculty Senate's proposal provides us with the opportunity to adopt a Tenure Code that meets the needs of the University. I look forward to working together with the Board of Regents and the faculty to finalize discussions on Tenure Code revisions as quickly as possible.

• Biennial Request •

Earlier this morning, the Board heard and discussed a report on the **principles, process, organization, and timetable** for the development of the University's biennial budget request for fiscal years 1998 and 1999.

I would like to underscore the importance of the **principles**, that the proposal must:

- support the institutional financial framework and long term academic/U2000 plans;
- focus on "institutional" needs and must not be framed in terms of "organizational structure" or new "special state appropriations;"
- be broad in scope, but with enough details to communicate our needs and future directions;
- include strong, clear, and concise descriptions or measures of outcome in order to justify new investments;

- emphasize our "mission" to distinguish us from other systems of higher education; and
- involve numerous internal and external constituencies.

Working within the U2000 strategic framework, a Core Work Group will work two Strategy Committees. One, made up of alumni, business leaders, political leaders, community leaders, and internal constituencies, will concentrate on building external support for the University. The other, made up of deans, faculty members, students, employees, and other constituencies will concentrate on developing the biennial request proposal.

Selecting and charging the two Strategy Committees, refining the academic strategy, and refining the institutional financial framework are the next key steps.

Later this month we will receive the state budget guidelines and instructions from the State Department of Finance, and the July Regents' meeting will focus on the refinement of the institution financial framework and academic strategy. The initial draft agency plan is due in the State Department of Finance in mid-September, with Board of Regents action scheduled for the October meeting to approve the biennial budget request. The final proposal must be submitted to the State Department of Finance in early November.

• Awards and Recognitions •

1995-96 Horace T. Morse-Minnesota Alumni Association Awards

The Horace T. Morse-Minnesota Alumni Association Award for Outstanding Contributions to Undergraduate Education recognizes faculty members for excellence in contributing to students' learning through teaching, research and creative activities, advising, academic program development, and educational leadership. Candidates are nominated through their colleges, and a selection committee under the leadership of the Senate Committee on Educational Policy approves nominations.

Awardees receive a \$1,500 gift each year that they remain on the University of Minnesota faculty, and each recipient's department also receives \$2,500 each year for three years. Joining 230 faculty members who have been honored with this award in the past 31 years, the 1996 recipients are:

Terence H. Cooper, Professor
Soil, Water, and Climate
College of Agricultural, Food, and Environmental Sciences, Twin Cities

Gary R. Gray, Professor
Chemistry
Institute of Technology, Twin Cities

Alan G. Hunter, Professor
Animal Science
College of Agricultural, Food, and Environmental Sciences, Twin Cities

Virginia T. Katz, Associate Professor
Communication
College of Liberal Arts, Duluth

Willard L. Koukkari, Professor
Plant Biology
College of Biological Sciences, Twin Cities

Judith Martin, Associate Professor
Geography
College of Liberal Arts, Twin Cities

Jennifred G. Nellis, Professor
Studio Arts
Morris

Angelita D. Reyes, Associate Professor
Women's Studies
College of Liberal Arts, Twin Cities

Steven S. Smith, Professor
Political Science
College of Liberal Arts, Twin Cities

Patrick J. Starr, Professor
Mechanical Engineering
Institute of Technology, Twin Cities

1995-96 John Tate Awards

Named in honor of Dr. John Tate, Professor of Physics and first Dean of University College, this award was initiated in 1986-87 to call attention to the contributions advisors make in helping students formulate and achieve intellectual, career, and personal goals. The award is jointly sponsored by University College and the Office of Educational Development Programs. The 1996 recipients are:

Franklin Barnwell, Professor
Ecology, Evolution, and Behavior
College of Biological Sciences, Twin Cities

Susan Hunter Weir, Senior Academic Advisor, Upper Division Advising
Student Academic Support Services
College of Liberal Arts, Twin Cities

Marvin Marshak, Professor and Head
Physics and Astronomy
Institute of Technology, Twin Cities

Doris Wiehe, Principal Student Personnel Worker
Student Services
College of Human Ecology, Twin Cities

1995-96 Academic Staff Awards

The Academic Staff Award was established by the Academic Staff Advisory Committee in 1991 to recognize academic professional and administrative staff members who have provided extraordinary service to the University. These academic staff members have made outstanding contributions to the University in the areas of teaching, research, or outreach. The award includes a \$2,000 honorarium, plus \$1,000 provided to the department, to be used in support of professional development activities by the recipient during the coming academic year. The award is sponsored by the Office of the Senior Vice President for Academic Affairs.

The 1996 recipients are:

Linda DeBeau-Melting, Human Resources & Organization Devel. Officer
University Libraries

Shelly Diment, Associate to the Dean
College of Agricultural, Food, and Environmental Sciences, Twin Cities

Bruce Fall, Associate Education Specialist
General Biology Program
College of Biological Sciences, Twin Cities

Bill VanEssendelft, Associate Director
Extension Classes
University College/Continuing Education and Extension, Twin Cities

1996 McKnight Land-Grant Professors

The McKnight Land-Grant Professorships were established in 1987 to encourage and retain junior faculty members. The two-year appointment, which more than eighty assistant professors have held, carries a two-year research grant of \$20,000 a year, to be used at the recipients' discretion for expenditures directly related to their research. In addition, each holder of the Professorship is awarded either a supplementary research grant or a year's leave to pursue research during the second year of the award. For

recipients on nine-month appointments, the Graduate School provides up to two months' summer salary in each of the two summers.

The 1996 recipients are:

Pamela Ruth Erickson, Assistant Professor
Preventive Sciences
School of Dentistry, Twin Cities

Joy McCorriston, Assistant Professor
Anthropology
College of Liberal Arts, Twin Cities

Victor Reiner, Assistant Professor
Mathematics
Institute of Technology, Twin Cities

J. Ilja Siepmann, Assistant Professor
Chemistry
Institute of Technology, Twin Cities

Andrew Teel, Assistant Professor
Electrical Engineering
Institute of Technology, Twin Cities

1996 Distinguished McKnight University Professors

This year marks the inauguration of the Distinguished McKnight University Professorship, a mid-career award for University of Minnesota faculty members. The goal of the program is to honor and to reward the highest-achieving faculty at the University of Minnesota who have recently attained full professor status—especially those whose careers have advanced at Minnesota, whose work and reputation are identified with Minnesota, who bring renown and prestige to the University, and who can be expected to make additional significant contributions to their discipline.

Recipients will carry the title of Distinguished McKnight University Professor for as long as they remain on the University faculty, and each receives \$100,000 to finance research, scholarly, or artistic activities over the next five years.

In the future, five new recipients will be named each year and presented to the Board of Regents in late spring.

The 1996 recipients are:

Frank Bates, Professor
Chemical Engineering and Materials Science
Institute of Technology, Twin Cities

Bianca Conti-Fine, Professor
Biochemistry
College of Biological Sciences, Twin Cities

James Fetzer, Professor
Philosophy
College of Liberal Arts, Duluth

John Freeman, Professor
Political Science
College of Liberal Arts, Twin Cities

Megan Gunnar, Professor
Child Development
College of Education and Human Development, Twin Cities

Patricia Hampl, Professor
English Language and Literature
College of Liberal Arts, Twin Cities

Timothy Kehoe, Professor
Economics
College of Liberal Arts, Twin Cities

Hon Cheung Lee, Professor
Physiology
Medical School, Twin Cities

Gordon Legge, Professor
Psychology
College of Liberal Arts, Twin Cities

David Tilman, Professor
Ecology, Evolution, and Behavior
College of Biological Sciences, Twin Cities

I must again recognize and thank the McKnight Foundation for making the McKnight Land-Grant Professorships and the Distinguished McKnight University Professorships possible. The McKnight Foundation deserves far more than our thanks for their generosity. I could argue that their far-sighted understanding of the importance of such endowed professorships to both junior faculty and mid-career faculty deserves an award for creative philanthropy, but I know that the people of the McKnight Foundation are more rewarded by getting to know these highly talented faculty members and the creativity that the McKnight Professorships foster.

1995-96 Chair, Faculty Consultative Committee

**Carl Adams, Professor and Head
Information and Decision Sciences
Carlson School of Management, Twin Cities**

It is important to honor our faculty leaders who chair the Consultative Committee, putting up with truly extraordinary demands on their time and attention during their one-year terms. With the Regents' certificate presented today, we have given special recognition to Professor Carl Adams, who has served as chair through a year that has involved probably the most complex and demanding agenda in the Consultative Committee's history. I know I can speak for the Board and the University administration in assuring Professor Adams that serving as Consultative Committee chair is certainly not a thankless task. We thank him most sincerely for his hard work and for his dedication to this University.

Retirement of Dr. Ettore F. Infante as Senior Vice President for Academic Affairs

Personally, I could write a book in tribute to Jim Infante's extraordinary service to this University, to higher education, and to me. Perhaps I should, drawing on my own studies of Scandinavian sagas. There is, after all, something almost epic about Jim's career, starting as a Texas cheerleader in charge of that live, longhorn steer mascot, and leading now to state, national, and international recognition for academic leadership.

In case Jim convinces me not to write this epic saga, I believe the Regents' recognition, presented to him this morning, speaks eloquently for all of us in the University community:

Dr. Ettore F. Infante

"Dr. Ettore (Jim) Infante began his term of distinguished service at the University of Minnesota in 1984 as Dean of the Institute of Technology and Professor of Mathematics. He served in this capacity until 1991 when he was appointed to his current position as Senior Vice President for Academic Affairs. On June 30, 1996 he will leave this position and return to the Institute of Technology, School of Mathematics as a full-time faculty member where he plans to devote his energy and considerable talents to teaching, research and service. To mark his departure from the ranks of senior administrators, we take this opportunity to applaud his accomplishments and salute his dedication and professionalism.

Over the past 12 years Jim has served as an advisor and mentor to faculty, staff, students, and members of the greater University community. He is a highly-respected and trusted spokesperson for the institution and has represented us with distinction in his role as liaison to funding agencies, alumni, professional and civic organizations, and the State Legislature. As

the University's chief academic officer he has provided creative leadership and guidance in the development and implementation of the Twin Cities Higher Education Partnership, the undergraduate initiative, and our strategic plan, University 2000. Jim has been instrumental in the development of the annually updated University Plan that consolidates both the academic and fiscal strategic directions set for the institution by the Board of Regents. Over the past five years he has provided invaluable guidance to the President and the Board in the development of the annual budget and biennial requests. Jim's dedication to students has shown itself in innumerable ways. In particular he must be recognized for his tireless efforts to ensure that adequate sources of financial assistance will always be available for all qualified students. Of course, no record of Jim's dedicated service would be complete without mentioning one particularly selfless act he performed in the name of fund-raising for the institution. On November 14, 1992 Jim Infante agreed to quit smoking in order to secure a 50 thousand dollar contribution for the "Glory Campaign."

We have indeed been fortunate to have Jim in the position of Senior Vice President for Academic Affairs. His advice, counsel and positive spirit have helped us to chart a path for sustained and greater excellence as we approach a new century. His optimism about the future of the University is contagious and will live on through the work of those of us he has guided and taught. On behalf of the entire University community, the Regents extend their appreciation and admiration to a true leader and University benefactor."

Presented this 14th day of June 1996

Retirement of Sue Markham as Associate Vice President for Facilities Management

I would like to remind the Regents of the reception honoring Sue Markham, which will be held at 1:30 this afternoon in 300 Morrill Hall. Sue joined my administration to take on the enormously complex challenge of reforming facilities management in response to the report of the Spencer Commission—the Governor's Blue Ribbon Commission on Financial Management—and the report of the Legislative Auditor. She took on—and accomplished—a management reform agenda that attacked problems of omission and commission that had built up over decades. The results are apparent to all of us; the Facilities Management organization works, supporting the teaching, research, and outreach mission.

We all owe Sue our special thanks and respect for her work on the Steam Plant project, easily the most complex facilities infrastructure project that the University has ever faced. I know all of you share my relief that Sue's expertise will continue to be available to us until the project is completed.

• Personnel •

Dr. Alfred Michael, Regents' Professor and Head of the Pediatrics Department, has been appointed Interim Dean of the Medical School, effective today, and will serve until a new Dean is selected through a national search. Regents' Professor Michael joined the faculty in 1960 as a post-doctoral fellow. He is a recognized international leader in research and treatment of kidney diseases. For the last nine years, he has been head of the Department of Pediatrics, a position he will retain during his tenure as Interim Dean.

In addition to the Regent's Professorship, the University of Minnesota's highest faculty distinction, Dr. Michael is a Fellow of the American Association for the Advancement of Science, a member of numerous other academic societies, a merit awardee of the National Institutes of Health, and has received the Alumni Achievement Award for Clinical Science from the Temple University Medical School.

Dr. Marvin Marshak, Professor and Head of the School of Physics and Astronomy, has been appointed Senior Vice President for Academic Affairs, from July 1, 1996 to June 30, 1997. Dr. Marshak joined the University as a Research Associate in Physics in 1970 and became Head of the School of Physics and Astronomy in 1986. He served as Director of Graduate Studies in Physics from 1983 to 1986, and he's been an active researcher, particularly in elementary particle and astro-physics experiments at the Argonne, Brookhaven, and Fermi National Laboratories and the University of Minnesota's Soudan Underground Laboratory. Over the last eight years, externally sponsored research in the School of Physics and Astronomy has increased 106%.

Dr. Marshak is a 1996 recipient of the John Tate Award for Academic Advising, and he was also honored with a 1994 Institute of Technology Quality Mentoring award. In 1993-94, he was a recipient of the Horace T. Morse-Minnesota Alumni Association Award for Outstanding Contributions to Undergraduate Education. He was one of the founders of the Residential College program, with which he has been very actively involved as administrator, teacher, and advisor since 1994. He has also been one of the leaders in the Institute of Technology's TA training program, IT's Freshman Year initiative and first-year cohort system, and outreach activities with high school students and teachers. In sum, he brings to the Senior Vice President's post as well-rounded a mix of communication skills and research, graduate education, undergraduate education, and outreach experience as we could hope to find in one individual.

• **Regents' Professorships** •

With the Board's approval this month, we have bestowed the University of Minnesota's highest faculty distinction, the Regents' Professorship, upon Dr. Avner Friedman, Professor of Mathematics, and Dr. Edward C. Prescott, Professor of Economics.

Regents' Professor Avner Friedman has been Professor and Director of the Institute for Mathematics and Its Applications (IMA), in the Institute of Technology, since 1987. A world-renowned scholar, an excellent advisor and teacher of mathematics, and a highly recognized leader in applied mathematics, he is an outstanding member of the University of Minnesota faculty.

Dr. Friedman has had a distinguished career, gaining international acclaim as a mathematician. A native of Israel, he received his doctorate in mathematics from Hebrew University and served as a faculty member at a number of U.S. universities before coming to Minnesota in 1987. His scholarly work has been characterized by unusual breadth and imagination. His research includes fundamental contributions to linear and non-linear partial differential equations, free boundary problems, and control theory, as well as important work on parabolic equations.

Dr. Friedman's leadership of IMA has been trailblazing. The institute serves as a focus for worldwide activities in applied mathematics and has brought together academic and industrial representatives interested in applying mathematics in important industrial real-world problems.

He has served as president of the Society for Industrial and Applied Mathematics. His honors include election to the American Academy of Arts and Sciences and the U. S. National Academy of Sciences.

Regents' Professor Edward C. Prescott has been a Professor in the Department of Economics in the Twin Cities campus College of Liberal Arts since 1980.

Dr. Prescott's major contributions in several fields of macroeconomics include general equilibrium analysis, public finance, monetary theory, growth theory, and business cycles. His 1971 paper (with Robert Lucas) was fundamental in initiating the "rational expectations" revolution in macroeconomics. His research (with Finn Kydland) established the field of "real business cycle theory."

Dr. Prescott has played an active role in economic education and economic affairs. He has taught at both the graduate and undergraduate levels and has served as placement officer for his department. A number of his former students have achieved major stature in their fields. His role as a teacher and as a mentor of graduate students has been an important factor in contributing to the high stature of the University of Minnesota

Economics Department. He has been a long term advisor to the Federal Reserve Bank of Minneapolis.

Dr. Prescott has been recognized for his contributions by election as President of the Society for Economic Dynamics and Control. He has been selected as a Guggenheim Fellow, and he has been elected as a Fellow of the Econometric Society and as a member of the American Academy of Arts and Sciences.

**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
July 12, 1996**

Mr. Chair, Ladies and Gentlemen of the Board, as in previous years, this month's President's Report is based on my annual performance report. I have divided this report into two sections, a review of the year 1995-96 and my proposed agenda and priorities for 1996-97.

• 1995-96 IN REVIEW •

The following developments during 1995-96 seem especially noteworthy.

Progress on three important fronts. I am pleased to report that we continue to make significant progress on the Undergraduate Initiative, in regard to sponsored research, and in regard to private fund raising. The indicators concerning the incoming freshmen class last year, and the class being recruited for next year, are very positive. It seems clear that this initiative, begun in 1989, is in very substantial ways improving the quality of undergraduate education, especially on the Twin Cities campus, which has been the focus of this effort. I cannot think of anything that is more important to sharpen the profile of the University of Minnesota, and to emphasize that we strive for excellence in what we do. The Crookston campus is continuing to establish itself as a very successful, polytechnic institution, where the use of the lap top computer is revolutionizing the instructional program, and achieving considerable national and even international attention.

The sponsored research budget for the past year reached an all-time high, \$293 million. This is very important testimony to the extraordinary productivity and competitiveness of our faculty. It also is an indication that our strategic investments in key research areas, as well as in grants matches in general, are paying off. It may also signal that the 238 chairs and professorships that have been funded from private sources are paying dividends.

The private fund-raising efforts have also resulted in an all-time high in private support, \$131 million. This is again an indication of the extraordinary faculty and staff we have at the University of Minnesota. Clearly, private support of this magnitude would not be forthcoming unless the private and corporate donors had great confidence in the quality of the people responsible for research, teaching, and outreach at the University of Minnesota, and felt that they would receive good returns on their investments. It is testimony to the effectiveness of the University of Minnesota Foundation, and other foundations, their citizen leadership, their staffs, and deans, faculty, and staff throughout the University. It is also testimony to an extraordinary donor community in Minnesota.

It is particularly gratifying that Minnesota's donor community has been generous in support of faculty excellence. There are no better examples than the two programs for McKnight Professorships, whose newest recipients were introduced to the Board last month. More than 80 Assistant Professors have now held the McKnight Land-Grant Professorships, two-year appointments supplemented by research grants, designed to support and retain especially promising young faculty members by providing special support very early in their academic careers.

That program is now matched by the Distinguished McKnight University Professorships, specifically designed as a mid-career award for the highest achieving faculty members who have recently attained full professor status. The first ten Distinguished McKnight University Professors were also introduced to the Board last month. They will carry that title for as long as they remain on our faculty, and each will receive a five-year grant of \$100,000 to support research, scholarship, or artistic activities. Thanks to the McKnight Foundation, we will be able to name five new recipients each year.

Capital Request 1996. Through the great effort of alumni and other supporters, and administrators, faculty, staff, and students, the University received a very major infusion of capital funds from the Legislature, almost \$100 million. While we did not receive all that we had requested, and were disappointed that the important library facility at UMD only received planning money, there were many bright spots, including significant funding for health and safety, facilities renewal, and the Library Access Center on the Twin Cities campus.

Provostal System. The provostal system was fully in effect during this past year, and has, I believe, begun to demonstrate its effectiveness. It helps us distinguish between system and campus/provostal area authority and accountability. It gives us the opportunity to make sure that system-wide priorities are closely linked with collegiate priorities. We still need to be sure that the chancellors and provosts are operationally closely linked to the offices of the Senior Vice President for Academic Affairs and the Senior Vice President for Finance and Operations, but so far the experience has been positive.

Important Hires. During this past year, we have been fortunate enough to attract two outstanding individuals into the senior vice presidencies, JoAnne Jackson as Senior Vice President for Finance and Operations, and Marvin Marshak as Senior Vice President for Academic Affairs. I am also now recommending the appointment of Tom Swain as Acting Vice President for Institutional Relations, adding an experienced person to those who are going to be responsible for our very important communications strategy for this coming year.

We have also filled several other key positions. Chancellor Kathryn Martin at UMD, the first woman coordinate campus chancellor administrator in the University, has taken hold very effectively of the important issues facing that campus. We have recruited new, first-time women deans for Pharmacy, Public Health, and the Minnesota Extension Service, and also new deans for the College of Biological Sciences and the Institute of Technology. I expect a new appointment of a dean of the College of Liberal Arts in the Twin Cities to be made shortly. Kathryn Martin has recruited a new excellent Vice Chancellor for Academic Affairs at UMD. We have also attracted three outstanding women in the positions of the Director of Affirmative Action and Equal Opportunity, Associate Vice President for Academic Affairs/Minority Affairs, and Assistant Vice President for Academic Affairs/Chair, Commission on Women. Through the appointment of Frank Cerra as Provost for the Academic Health Center, we have ensured a smooth transition from the Brody administration.

Coping With The Managed Care Environment. We have taken a major step towards dealing with the maintenance of a strong academic health center in the new managed care environment, an environment where Minnesota seems to be on the leading, and very difficult edge. We are at an advanced stage in negotiations with Fairview concerning the transfer of the University Hospital, and the establishment of a new important partnership.

Reorganization. Two major projects in restructuring/reorganization have been on the agenda this past year, the reengineering of the Academic Health Center, and the reorganization of the Biological Sciences. The two projects, of course, intersect in various ways, although they have different purposes. In both areas, we are making significant progress. Reengineering of the Academic Health Center has been quite controversial, especially because of the consultant and the methodology used in the initial stages of that project. At this point, I believe we are proceeding in appropriate ways, that is, ways that will ensure that we achieve the objectives of the reengineering but without the serious breach with segments of the faculty that was much in evidence over the last few months. The organization of the Biological Sciences has gone through several important stages, and will, I believe, result in significant strengthening of this important area, which embraces about 1200 faculty members on the Twin Cities campus. Several other efforts at restructuring/reorganization are under way. The issues raised in connection with General College are being pursued on the assumption that General College will remain as a college at this time.

Financial Needs. During this past year, we have taken a major step toward identifying the financial needs that the University faces. While these needs are staggering, I believe that we have the capacity to deal with them. Among the major areas where we face very significant needs are: faculty salaries, information technology, deferred maintenance, and selected developments in research, teaching, and outreach. We will be discussing with you over the next several months our strategy for dealing with these

needs, drawing as in the past on a combination of University cost cutting and revenue enhancement and state investment. The Biennial Request for 1997-99 will be a major installment in dealing with these financial needs in the context of continuing programmatic change.

East Asia. During this past year we have reconnected in a major way with some of our over 10,000 alumni in East Asia. We have established or re-established connection with key universities in the People's Republic of China, the Republic of China/Taiwan, Korea, and Japan. We have laid the foundation for enhanced educational opportunities for our students in those countries, for enhanced research cooperation, and for possible fund raising.

Accreditation of the Twin Cities Campus. During this past year, we have been involved in reaccreditation of the Twin Cities campus by the North Central Association. A very effective advisory committee prepared an excellent report of developments on the Twin Cities campus over the past ten years, a report that I recommend for your review. It supplements the overview that is provided with this memorandum. The draft report of the site visit team unambiguously reaccredits the Twin Cities campus, and affirms the great strengths of the campus in all its major functions. The team also acknowledges the enormous challenges that we have faced, and face, not least because of changes in the health care environment. They express some concern about the number of major issues and changes that we have faced, and face, over a relatively short period of time. I certainly share this concern, as I know you do. We need as we establish the agenda for 1996-97 to consider ways in which we can deal with this situation.

Tenure. This single word certainly represents the greatest challenge that the University has faced during 1995-96. We have traveled a rocky road, where competing views and interests have been in serious conflict. As in the case of other very difficult challenges we have faced over the past few years, we are now, I believe, on track towards a good solution. I will be looking forward to discussing further with you the Faculty Senate's recommendations, the recommendations of my own administration (which are now, I believe, totally aligned with those of the faculty leadership, after the latter group revised three interpretations about which we had raised questions), and the concerns of the Board of Regents. A speedy resolution of the tenure issue is the most urgent issue we face at this time. I stand ready to do everything I can to facilitate such a resolution.

• PRESIDENTIAL AGENDA/PRIORITIES: 1996-97 •

During this coming year, I intend to concentrate on the issues listed below.

• FY 1998-99 Biennial Plan and Proposal

To develop and secure support for the University's biennial request with special emphasis on the Undergraduate Initiative, on selected graduate

and professional programs, on strategic research initiatives, on enhanced technology and knowledge transfer, on information technology, on faculty salaries, and on deferred maintenance.

- **UMHC Fairview Integration**

To complete the University/Fairview Hospitals affiliation agreement and to implement the first stages of the new arrangements.

- **Human Resources**

To begin to implement the recommendations of the Task Force on Human Resources and to complete amendments to and interpretations of the Faculty Tenure Code.

- **Integrated Framework**

To complete development of and implement a University Performance Reporting System and a Proposal Evaluation Process.

- **Systems Development**

To continue to plan and implement the administrative processes redesign, including restructuring of student systems, financial management systems, resource allocation systems, and grants management systems, and the semester conversion.

- **Communications**

To develop a communication strategy that promotes a better understanding among Minnesotans and elected officials of the University's contributions to the state, of University reform activities and accomplishments, and of University programmatic plans and financial needs and challenges as expressed especially in the biennial request.

- **Transition**

To facilitate the transition from my administration to that of my successor in any way possible.

- **Biennial Request** •

The Biennial Request provides a critical opportunity for the University of Minnesota to communicate its goals and aspirations, its strategies and tactics, and its accomplishments and outcomes to the people of Minnesota through their Governor and Legislature. Because this document is so important, both as a communications vehicle and a funding tool, your administration has underway an extensive process which will lead to the submission of the Biennial Request to the Governor in October.

I welcome this opportunity to present to you both a description of the budget process and a discussion of both the academic and financial issues we want to put before you as you provide us with guidance and direction for the preparation of the request itself.

The development of the Biennial Request is led by Associate Vice-Presidents Robert Kvavik and Richard Pfutzenreuter under the guidance of Executive Council and me. Vice-Presidents Kvavik and Pfutzenreuter co-chair the Core Working Group which coordinates the development of both the academic and financial aspects of the request. This Core Group has met regularly during the past several months in order to develop the context which is set out below.

In addition to the Core Group, I have appointed two Strategy Groups to assist in the Biennial Request process. One Strategy Group is working on the development of the Biennial Request itself, bringing together the academic and financial information required to realistically determine the parameters of the request. The other Strategy Group is focused on the presentation of the request and is charged with developing a plan for communicating the need and rationale for the request to the broader University community, government and the people of Minnesota. Both Strategy Groups have already met to lay out their preliminary plans.

The overall perspective for the Biennial Request is an emphasis on Leadership for Minnesota's People--the role that the University of Minnesota plays in enhancing the lives of the people of our State. This emphasis reflects the responses which you as Regents received when you recently asked people across Minnesota about characteristics desirable in a new President.

The majority of respondents told you of the tremendous pride they feel in the University of Minnesota. They recognized the power of the University to benefit their lives in hundreds of different ways. There was almost unanimous agreement that the future of the University of Minnesota is the future of Minnesota. The people of Minnesota told you that they want a great University with a vision that builds on its successes in the past to anticipate the future economic and social needs of the State.

This vision of Leadership for Minnesota's People represents a continued evolution of the *U2000 Plan* which I have presented to you on numerous occasions. It also ties well to several of Governor Carlson's and the Legislature's strategic themes for the 1997-98 biennium.

Like the Governor, the University will emphasize education reform through the continued leadership as evidenced by our Undergraduate Initiative. This effort has already made a tremendous difference in the quality of teaching and learning experienced by the typical University of Minnesota undergraduate. We expect to continue this effort through

improved instruction in writing and oral communication, through an expansion of Residential College programs and through increased emphasis on the development of faculty, teaching assistants, an staff who support these efforts.

We also expect to provide a Four-Year Graduation Opportunity for those students whose plans and expectations are compatible with this goal. The Biennial Request will address the Governor's theme of tomorrow's workforce through significant improvements in student-centered technology, through a new emphasis on professional masters' degrees and through distance education and cooperation with MnSCU. We will emphasize economic vitality through education, research and outreach, including technology transfer.

In all of these areas, we will emphasize that the economic livelihood of Minnesota and the Upper Midwest rests on knowledge and that the University of Minnesota is by far the greatest creator, synthesizer, and transmitter of knowledge in a vast region centered on Minnesota.

The Biennial Request will build on this vision of Leadership for Minnesota's People in a way which emphasizes the fiduciary responsibility of you as Regents, and all of us in the University Community, in caring for the resources of the people of Minnesota (in Governor Carlson's terms government accountability).

First, we expect to frame the Biennial Request as the first half of a four-year plan which provides some intermediate-term perspective for addressing the financial challenges facing the University and the State. A four-year academic and financial plan will guide our institutional planning to ensure that we are fulfilling our responsibility to anticipate events through careful and effective planning.

Second, a major focus of the Biennial Request will be a cost-effective preservation of both the human and physical asset base of the University. We expect to emphasize faculty and staff compensation at levels which will allow us to attract and retain knowledgeable and capable people from both Minnesota and the world; excellent people are essential to an excellent, land-grant research university. We also anticipate facility renovation, modernization and elimination at levels sufficient to insure long-term viability for our \$3 billion of physical assets.

Finally, the Biennial Request will include significant amounts for the management systems required to assure the people of Minnesota and the United States that their funds are being spent in accordance with approved public policy.

An important part of the Biennial Request will be a tuition and financial aid policy which recognizes the unique strengths of the University of Minnesota as a first-rank, land-grant research university. We seek to insure that no

admitted student will be denied access to a first-rate undergraduate education for financial reasons. Thus, we will propose to you a partnership with the State (explained more fully below) which will limit overall undergraduate tuition rate increases to the general level of inflation (after including need-based financial aid).

We also expect to increase merit-based financial aid, because a great university needs a sufficient number of great students to create an excellent academic climate. Today's competitive climate requires merit-based financial aid to keep Minnesota's best and brightest students at the University of Minnesota, so that they are likely to continue to contribute to the State for a long period of time. We propose a more flexible arrangement for tuition in graduate and professional programs, which are of extremely high quality but much less price competitive. Again, we seek to provide access to these programs for the people of Minnesota. However, since these programs must be cutting-edge or we won't have them, tuition flexibility is an essential feature.

We expect that the 1997-98 Biennial Request will again propose a partnership with the State of Minnesota. We will estimate our needs to progress as a first-rate, land-grant research university and commit to producing half that amount through revenue growth and expense reduction, while requesting the other half from the State.

Our preliminary analysis shows that expense reduction based on the expected personnel turnover rate is more than sufficient to achieve our investment goals--assuming fair share participation by the State. Our proposed investment in both software and hardware will create a natural flow of expense reductions. Additional reductions will come from the closing of buildings and process redesign efforts that will reduce the complexity of what we do. We expect to continue our restructuring effort and thereby provide a portion of our self-help contribution from programmatic consolidations and realignments. Such honing is essential for any great institution which seeks to maintain and improve on its greatness.

At the July Meeting, we have sought discussion and guidance from you as to the general parameters of the Biennial Request as outlined above. After you have set the direction, we will proceed with development of the full Biennial Request and present it to you for discussion in September and approval in October. With your guidance, our Core Working Group and our Strategy Groups will be able to move forward to a much higher level of specificity.

• Master Planning •

Our proposal for the Biennial Request looks further into the future than the next biennium. It's a four-year academic and financial plan to carry the University into the 21st century. History has demonstrated that we must

also be able to plan much further into the future, and this month's presentation of the Twin Cities Campus Master Plan was the fourth and final presentation of campus master plans to the Board.

Board action on the four campus master plans in September will provide the most comprehensive, University-wide physical planning framework in the University's history. That is an enormously important accomplishment whose full importance will become even more obvious many years from now. As we, today, look back over the decades and see the mistakes made for lack of a truly comprehensive long range plan, I am confident that the University community in the future will look back to the 1996 master plans with great respect and appreciation for the forward-looking and useful planning frameworks that have been developed by and for our campuses.

• Family Re-Union V •

Family Re-Union V is the fifth national conference held in Tennessee under the leadership of Vice President Al Gore and his wife, Tipper Gore. It is third of these annual conferences that has been co-chaired by Dr. Martha "Marti" Erickson, Director of the University of Minnesota Children, Youth, and Family Consortium. Our Consortium is now a co-sponsor of the conference, along with the State of Tennessee Department of Human Services. It's not a Tennessee conference with a Minnesota connection. It's grown into a respected national conference, and the very prominent role of Marti Erickson and other University of Minnesota faculty members has brought well-deserved recognition to our Children, Youth, and Family Consortium and the strong University departments that work with the Consortium.

• Regents' Professor Edward Ney •

With the death of Regents' Professor Ed Ney on July 9, we have lost one of the University of Minnesota's best known and most eminent scientists. He began his career as an undergraduate student employee of the late Al Nier, with whom he then worked in the Manhattan Project. Dr. Ney joined the University faculty in 1947. He joined the University faculty in 1947, and his early research work used high-altitude balloons to study cosmic rays. Later, he turned his attention to developing a camera used by Mercury and Gemini astronauts to study comets, then to such fields of study as infrared astronomy and background radiation on the Earth's surface. He was elected to the National Academy of Science in 1971 and awarded the Regents' Professorship in 1974. We'll all miss his "signature" red tennis shoes, and I'll miss his salty advice to presidents.

• Personnel •

The July meeting of the Board included several important administrative appointments and introductions:

With the one-year appointment of **Tom Swain** as **Acting Vice President for Institutional Relations**, we will have the benefit of Tom's extensive experience in both the public and private sectors. He began his career at the University fifty years ago, serving as academic counselor, then athletic ticket manager in Men's Intercollegiate Athletics. He served as Chief of Staff to Governor Elmer Anderson and as Commissioner of Economic Development. He went on to a 23-year career with the St. Paul Companies, retiring as Executive Vice President. He's served as president of the Minnesota chapter of the Public Relations Society of America, as president of the Citizens League, and as national president of the Minnesota Alumni Association.

Dr. Michael Till, Professor of Preventive Sciences, has been appointed **Interim Dean of the School of Dentistry**, effective July 15. Before joining the School of Dentistry faculty in 1970, Dr. Till practiced dentistry in Iowa and served as an instructor in the University of Iowa Department of Pedodontics. He was Staff Pedodontist at the Eastman Institute in Stockholm, Sweden. He taught at the Royal Dental College in Denmark and the University of Pittsburgh. At Minnesota, he has served as chair of the Department of Pediatric Dentistry, and in 1982 he founded the No Cavity Clinic, one of the first clinical programs in the country to focus on preventive dental care. He has also served as president of the Minnesota Dental Association, and he's currently a member of the Board of Trustees of the American Dental Association.

Dr. Alfred Michael, Regents' Professor and Chair of the Medical School's Pediatrics Department, was re-introduced as **Interim Dean of the Medical School**, an appointment that was approved by the Board in June.

The Board was also introduced to **Thomas R. Fisher**, appointed in June as **Dean of the College of Architecture and Landscape Architecture**.

Later in the afternoon following the Regents' meeting, the Board of Regents was represented by Regent Sahlstrom at a retirement celebration in honor of **R. Waldo Anderson, Chief Pilot of University Flight Services**. The Board of Regents certificate presented to Waldo reads in part:

Throughout his service, Waldo has also been the trusted pilot of members of the Board of Regents, Presidents, Chancellors, Provosts, Deans, and other officers of the University, enabling all of us to conduct the statewide business of the University.

For flying and for managing an exemplary support service, our trust in Waldo Anderson has always been well-founded, and we thank him for his thirty-seven years of distinguished service to the University of Minnesota.

118.2
11.1.1

President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
September 6, 1996

Mr. Chair, Ladies and Gentlemen of the Board, later this month, the Commission on Institutions of Higher Education of the North Central Association of Colleges and Schools will vote on the ten-year accreditation of the Twin Cities campus of the University. Our continuing accreditation is not official until the NCA Commission's vote is announced, but we are now free to discuss the May 13-15 site visit team's written report and recommendations, as well as my August 2 "institutional response" letter, (copy appended) which accompanies our self-study materials and the site visit report in the materials submitted to the NCA Commission members in preparation for their final vote.

The University of Minnesota has been accredited by the North Central Association since its very first list of accredited institutions of higher education was published in 1913.

I am pleased to report that the site visit team has recommended that the accreditation of the Twin Cities campus be continued for 10 years (the maximum continuation) until 2005-06.

I am particularly gratified by the respect for the University and the strengths and accomplishments of the Twin Cities campus that are acknowledged by the site visit team.

"Whatever may be its problems and challenges (and it has many), the University of Minnesota--Twin Cities is unarguably a great land-grant research university, one of the nation's best and most distinguished.

- The University has attained this distinction in large part because it has for a long time attracted exceptional people to its faculty, staff, and administrative leadership. This tradition evidently continues.*
- Another important contributing factor is the historical commitment of the citizens of Minnesota to education in general and the University in particular.*
- Not only is it located in a relatively education-friendly state, it is located in that state's only major metropolitan area in the midst of a business community characterized by economic diversity, growth, and a disproportionate number of Fortune 500 company headquarters.*
- It is the only major research university, public or private, in the state.*

- *And it has a very large number of alumni, a high proportion of whom live in the Twin Cities metropolitan area...ideally situated to enhance already strong private giving...and to exploit a huge market for continuing education of adult professionals...*
- *Another kind of diversity warrants characterization as a strength...for the University (minorities' demographic changes) portend a more cosmopolitan and academically richer academic environment.*
- *Another strength is the University has been thinking about the future and planning for it.*
- *In the view of the Team, University 2000 represents an exemplary academic strategic planning effort and provides an excellent foundation for the continued evolutionary transformation of the University. A particularly notable feature of the plan is the development of institutional-level critical measures that will be used to assess the University's progress toward the objectives of the plan.*
- *The University has confronted the problem presented by a University hospital and an academic health center attempting to continue clinical operations in a radically changed health care environment dominated by HMOs (to an extent unequalled in any other state of the Union).*
- *President Hasselmo's Initiative for the Improvement of Undergraduate Education has led to numerous improvements in the undergraduate education environment at the University, including student financial aid, the Residential College program, improved enrollment management, outcomes assessment, and diversity programs.*
- *Among other strengths noted by various members of the Team are: ...constitutional autonomy..., the development and alumni relations arms of the University both appear to be strong and healthy..., fund balances--both current funds and endowment funds--are very healthy, and the Treasurer's Office appears to be managing them exceptionally well, ...the Bush Faculty Development Program on Excellence and Diversity in Teaching is seen as an outstanding innovative program and a national model, ...the men's and women's athletic programs appear to be financially sound."*

After recognizing these strengths, the site visit team makes what I regard to be one of its most insightful and important comments, particularly relevant to our history and our future.

"Many of the concerns developed by the Team are related to the strengths described above. That is, they are in many ways the obverse of corresponding strengths."

The obverse concerns of the strengths of the University's location and standing in the State, the strengths of high quality faculty and staff with considerable autonomy at the departmental and college levels, the strengths of diversity, and the commitment to institutional change through academic strategic planning include:

- a complex and very comprehensive strategic planning agenda that has evolved over more than a decade and, because of its complexity, has always been difficult to communicate, on-campus and off;
- substantial administrative turn-over in both the colleges and central administration, which has both contributed evolutionary changes in the planning and exacerbated communication difficulties;
- continuing tension between a tradition of decentralization and the need for University-wide, institutional planning and decision-making.

As the site visit team expresses it, *"Perhaps the overriding concern of the Team is the overwhelming array of issues and problems with which the University is currently contending."*

As they put the question, *"Has not the University of Minnesota--Twin Cities perhaps bitten off more than even it can chew? "*

That, Ladies and Gentlemen of the Board, may be the site visit team's most insightful and important question, again particularly relevant to our history and our future.

Their answer? *"The Team fears it has."*

My answer? I have always shared that concern about an overwhelming array of issues and problems. I've also shared the fear that we've bitten off more than we can chew, and I know that many others in the University community have, too. However, the University's performance over the past several years in addressing the array of issues and problems we've had to face tells me that those fears are but reasonable cautions, not reasons to have bitten off less in the past or to bite off less in the future.

First, the problems—our problems—were widespread and terribly complex. We began, in the late 1970s and early 1980s, with the intention to make truly comprehensive institutional change, not ignoring some problem areas in favor of "biting off" a few. It took several years for University task forces to inventory the problems and begin charting solutions, but those exercises in "self-study" were more demanding and rigorous than even the self-studies for accreditation. They were system-wide rather than limited to a campus. They had to cover the full range of teaching, research, and outreach activities, while accreditation deals primarily with teaching.

Our problems back then could be characterized as overextension—trying to be all things to all people—underfunding—especially in undergraduate education—and a long history of inattention to infrastructure, especially facilities, technology, and management systems.

The solutions were making choices, negotiating new and shared responsibilities for investment, and changing the University culture to pursue quality improvements, a balanced mission, and improved accountability.

Looking back a decade, even with 20/20 hindsight, I don't see problems and solutions that we should not have bitten off, even though our own problems that we identified then were destined to be more than a little complicated by the further problems that were thrust upon us—and most of American higher education.

We were, I think, ahead of the curve in recognizing the need for reform of undergraduate education, but the growing public demands for reform surely added to the pressure that we had to meet—and did.

We did not adequately foresee the state and federal budget problems that produced mandated cuts, flat budgets that did not cover inflation, and, at best, very limited investments in critical needs. Those problems posed the clear choice; give up on public investments in our priorities, or find the investment capital elsewhere—new revenue sources and reallocation. We chose the latter in order to stay on course. We're still there, and we're now dealing with dollar targets for reallocation and new revenue sources that were unthinkable only a few years ago.

Finally, through the last decade, we have faced accountability issues and demands that were not matters of choice. They simply had to be addressed. Some have been grounded in our own problems, the legacy of the inattention to infrastructure that I mentioned before. We've dealt with those problems openly and responsively.

Others were and are grounded more generally in society's increasing demands for public accountability. In this regard, I would have to add to the site visit team's description of our location and standing in the state as the only land-grant research institution. The Twin Cities campus is located in not just the major metropolitan area, but in the capital and in the state's major, highly competitive news media market. As the leading public institution in the state, the University is held to the highest level of accountability, expected by the public, the news media, and government officials to be the leading model of compliance with laws and an exemplar of best practices in governance and management.

In sum, I would say that ours is, indeed, the most complex array of institutional strengths, issues, problems, and strategic plans that any NCA-accredited university has faced, currently faces, and will face.

I don't think that we have bitten off more than we can chew. We're making progress on what we have to do and on what we ought to do, and the results are a higher quality, more user-friendly University that is doing a better job of teaching, research, and outreach. We're meeting the demands of accountability and leading the way toward measurable outcomes.

The NCA site visit team's "Observations and Suggestions for Institutional Improvement" include the following, which I support and which are fully consistent with our Twin Cities campus and institutional plans:

- Resolving the future of the University Hospital and Clinic and turning to internal resources for completing the reengineering of the Academic Health Center;
- Beginning to address the University's near-billion-dollar backlog in deferred renewal of its physical facilities;
- Aggressive development of the University's information infrastructure;
- Making good use of the opportunity presented by the quarter-to-semester transition to review and revise undergraduate curricula, to eliminate curriculum redundancy, and to fully integrate the student academic achievement assessment system in the curriculum;
- Enhancing cooperation and articulation with MnSCU;
- Developing a clearer sense of direction for distance learning, providing—in cooperation with MnSCU—universal access to programs for all Minnesotans; and
- Enhancing the operational effectiveness of administrative and governance structures, maintaining the provostal system and striving for greater continuity in administrative leadership at all levels.

During their visit last May, the site visit team recognized three major developments that will produce major institutional change in the next few years:

- Our urgent efforts to ensure a viable future for the Academic Health Center;
- Recent changes in the Twin Cities campus administrative structure and imminent changes in senior leadership; and
- Our planned, comprehensive reengineering of management systems.

The site visit team has recommended a focused visit to review the status of these changes in 1999-2000. We have made progress in all three areas since

May, but these are also long-term efforts that will not be completed for some time. Aside from the "stamp of approval" that accreditation affords for prospective students and the use of accreditation as an eligibility standard for certain government programs, I regard the fundamental value of accreditation to be the process of self-study and peer review that serves all accredited universities' efforts to maintain and improve quality. These developments are so critical that we will be evaluating them carefully all along, so I have welcomed the opportunity for further peer review.

A final note on the availability of accreditation materials:

North Central Association accreditation documents—Self-Studies, reports of the site visit team, institutional responses letters, and final actions by the Commission on Institutions of Higher Education—have always been public documents, potentially useful to many audiences, but realistically available to and used by too few.

This year, in order to make the full set of documents available to anyone in an economical and relatively user-friendly form, all of our accreditation documents will be available on the World Wide Web:

<http://www.opa.pres.umn.edu/accred/accred.html>

*William R. Anderson
Nils Hasselmo*

President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
October 11, 1996

Mr. Chair, Ladies and Gentlemen of the Board, in light of our busy agenda this morning, I want to limit my report to just a few brief comments on some extraordinarily good news about the University of Minnesota Law School and last year's sponsored research and private fund-raising.

The Law School's \$10 million, six-year grant from the Edna McConnell Clark Foundation to establish the Institute on Criminal Justice is the third-largest grant ever given to an American law school, the largest given by a private foundation, and one of the largest grants in the history of the University of Minnesota.

It is, by any measure, a vote of great confidence in our Law School, and Dean Sullivan and his colleagues deserve our fullest congratulations for winning a grant that I suspect any law school in the country would love to have.

The Institute on Criminal Justice will support research, teaching, and outreach on state and national policies, particularly sentencing policies and penal reform. It will be directed by Kenneth Schoen, former Minnesota Corrections Commissioner, who is currently the Clark Foundation's Justice Program director.

Our Law School was chosen because of highly respected faculty members in the area of criminal justice. The Law School also has three other research centers that will offer collaborative opportunities: the Institute on Race and Poverty; the Minnesota Human Rights Center, and the Center for Legal Studies.

I'm pleased to add that information on Fiscal Year 1996 shows that other public and private organizations that sponsor research have also recognized the quality of our faculty and staff by choosing to invest their research dollars here. Last year's expenditures in sponsored programs are estimated at \$304.1 million, up from \$293.5 million in 1994-95, and continuing to set new annual records.

Likewise, thanks to faculty, staff, deans, development officers, and volunteers, private fundraising last year (\$72 million) matched the previous year, which included a single \$13 million gift. Last year the endowment increased 23%, from new gifts and investment performance, allowing the University of Minnesota Foundation to distribute a record \$42 million for faculty, programs, and scholarships.

M36

**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
November 8, 1996**

Mr. Chair, Ladies and Gentlemen of the Board, I'd like to report briefly on our October 28-29 "fly-around," which was a follow-up to the State of the University speech and an opportunity to discuss the University's biennial proposal with community leaders, alumni, and news media in nine Greater Minnesota communities.

Over the two days, we visited Duluth, Hibbing, Bemidji, Moorhead, Brainerd, Willmar, Marshall, Mankato, and Rochester. In each community, with the cooperation of Minnesota Extension Service staff, we invited news media, legislators, alumni, and community leaders. In all, we met with 23 newspaper, radio, and television journalists, 11 legislators or candidates, and, in each community, from 10 to 40 alumni and civic leaders. Regent Sahlstrom was with us all day on Monday, and Regents Reagan and Larson joined us in their communities.

My comments highlighted some of the themes of the State of the University speech, stressing the changes we've accomplished in the last few years and the outcomes that can be expected over the next four years from the partnership investments in our biennial proposal. The materials we distributed, *"That Was Then; This Is Now"* and an overview of the four-year financial framework of our biennial proposal, are appended for your information and use in your own discussions.

Even though political campaigns obviously dominated the news last week, I was gratified by the coverage of that local media gave our efforts. It was also gratifying to see the response from alumni and community leaders, particularly legislators whose calendars were already full with their own campaign activities. The future health of the University is one of the most important issues facing Minnesota citizens and their elected representatives, and it is my hope these and other forums around the state will serve to tell the University's story and inform the process of making the all-important decisions about public investments for long-term social and economic development.

• University/MnSCU Collaboration — University Center Rochester •

With the approval this month by the Board of Regents and the Minnesota State Colleges and Universities (MnSCU) Board of Trustees, we are breaking new ground in higher education collaboration in Rochester. Over several years, Minnesota's higher education institutions and systems and the Rochester area's community leaders—especially the board of the

Greater Rochester Area University Center—have proved that collaboration works in Rochester. Through collaboration, we have been able to identify the Rochester area's higher education needs, we have been able to develop and use facilities cooperatively, and we have been able to deliver higher education opportunities that meet needs of Rochester area students and employers.

As Rochester area collaboration has evolved and matured over these years, there has been persistent community interest in an expanded University presence in Rochester, particularly in expanded offerings at the upper division, graduate, and professional levels. To identify appropriate next steps for the future of public higher education in Rochester, the University of Minnesota and MnSCU jointly sponsored a consultants' study, assigned key academic administrators to work with the project, and established a special U of M/MnSCU Rochester Community Advisory Committee.

Our "next step," strongly endorsed by the Rochester area community, is the establishment of a unified and comprehensive **University Center Rochester**.

Based on the principle of "full and equal partnership" between the University of Minnesota and MnSCU, we are establishing a new, jointly funded, and jointly appointed leadership position, "**Provost, University Center Rochester**." The new Provost will maintain appropriate reporting relationships with the President of the University of Minnesota and the Chancellor of MnSCU, or their designees. Funding will be equally shared, and the person appointed would be placed on either payroll system, depending on his or her needs.

The new Provost will be responsible for coordinating the effective and efficient delivery of educational programs and services at the Center and will play the lead role in:

- capitalizing on the rich array of collaborative programs we have already developed and implemented;
- establishing more seamless relationships between and among academic programs, support services, and administrative structures;
- enhancing and expanding the scope and nature of the Center's educational offerings;
- incorporating information and learning technologies; and
- strengthening the Center's interactions with the Rochester area community.

The last of these should have great appeal to candidates for this important new position. Rochester is a community that has long been enormously supportive of higher education. Rochester's community leaders—in

education, in government, in industry, in civic organizations, and in the media—have a distinguished history of very active and constructive involvement. This is a community where "town" and "gown" cooperation is as healthy and long-standing as any academic leader could wish. The Rochester area community, MnSCU, and the University are all fully committed, and our collaborative efforts will ensure a strong and active University of Minnesota presence in Rochester.

• University/MnSCU Collaboration — Southwest State University •

During my "fly-around" visit to Marshall, I was pleased to hear a report on another creative example of collaboration, this one between our College of Agricultural, Food, and Environmental Sciences (COAFES) and Southwest State University. COAFES Dean Mike Martin and Associate Dean Phil Larsen have been working with Southwest State University, Marshall area agri-business leaders, and the faculty of our Southwest Experiment Station in Lamberton on a joint degree program in Plant and Animal Systems with an emphasis on Agronomy.

The goal is to have this degree program in place by fall, 1997, with students taking prerequisites and liberal education courses from Southwest State University and upper division major requirements from the University, using faculty from the Southwest Experiment Station, shared faculty positions, part-time faculty, and distance education technologies, earning a University of Minnesota degree. Responding to industry needs, the program would emphasize the latest in computer technology, including an ITV studio, microcomputer labs at Southwest State and the Southwest Experiment Station, and portable microcomputers and printers, for which Southwest State has submitted a proposal to MnSCU.

As the Board heard at the September meeting in Morris, UMD is also working on a number of cooperative initiatives with MnSCU institutions, including a B.S. degree in Liberal Studies with Arrowhead University Center, a "2+2" program in Environmental Studies with Ely, a survey of needs with Rainy River, collaboration with Leech Lake Tribal College, and a joint admissions process for students who will transfer from community colleges to UMD.

• Rosemount Property •

Our study of the long-range uses of the University's property in Rosemount is proceeding, and as more publicity is being generated, I think it's important to emphasize that our study is very much a work in progress, with no conclusions yet reached and no administrative recommendations ready for the Board's review. Our Rosemount planning committee is still studying options and consulting with academic units and governmental and community organizations.

Those are our priorities: finding uses of the Rosemount property that support our academic mission; and ensuring active, open consultation with the Rosemount area community. In cooperation with the City of Rosemount, Senior Vice President Jo Anne Jackson and Vice President Tom Swain are planning a "town meeting" in early December to discuss the progress of our study with Rosemount area citizens. That meeting will also involve local government officials, the Dakota County Commissioners, Rosemount area legislators, and University representatives.

• Incentives for Managed Growth •

For the past year and a half, a steering committee co-chaired by Associate Vice Presidents Bob Kvavik and Dick Pfutzenreuter has been studying models of responsibility center management in other universities and developing our own approach, a University of Minnesota initiative:

- to grow our way to financial stability;
- to create an incentive structure to encourage revenue generating activities, while controlling costs;
- to decentralize decision-making; and
- to clarify the current maze of cross-subsidies and make choices clear.

Our model, "Incentives for Managed Growth," was approved this week by the Executive Council. From sheer force of habit, I'm sure it will be called "RCM" from time to time, but we have rejected the more complex RCM approaches taken by Indiana University and the University of Michigan. Ours is unique to our own situation, designed to meet our own needs.

Beginning with FY 1998 annual budget planning, we are focusing on incentives to grow revenue and control costs in four areas:

- tuition;
- indirect cost recoveries;
- facilities; and
- state subsidy.

• 1996 Fund-Raising Results •

Thanks to donors and the efforts of faculty, staff, deans, development officers, and volunteers, private gifts received by the University in fiscal year 1996 totalled \$72 million. That nearly matches the previous year, which included a single \$13.3 million gift, which means that it took a very large increase—more than 20%—to simply stay even.

Last year, thanks to new gifts and investment performance, the University of Minnesota Foundation endowment increased 23%, allowing the University of Minnesota Foundation to distribute an all-time record \$42 million for support of faculty, programs, and scholarships.

As of June 30, 1996, the total value of our three endowments—the University of Minnesota, the University of Minnesota Foundation, and the Minnesota Medical Foundation—was \$955 million.

With the performance of investments over the last four months, the total value of University endowments today has quite likely exceeded \$ 1 billion!

That is a milestone to celebrate.

Appendices: 'That Was Then; This Is Now'
Overview of Financial Framework

UNIVERSITY OF MINNESOTA

THAT WAS

Then;

THIS IS

Now

PROGRESS AT THE UNIVERSITY OF MINNESOTA

1986 – 1996

THAT WAS THEN, THIS IS NOW

PROGRESS AT THE UNIVERSITY OF MINNESOTA, 1986 — 1996

The University of Minnesota has worked hard over the past ten years to improve the educational experience of our students while maintaining our excellence in research and service to the state of Minnesota. Our efforts have paid off, and we're pleased to share some of the good news with you.

UNDERGRADUATE EDUCATION

- The Twin Cities campus was rated as one of the 25 “best buys” in undergraduate education among national universities by *U.S. News and World Report* in 1995.
- Number of entering students satisfying the University's preparation requirements (Twin Cities):
 - 1985—17 percent
 - 1995—85 percent
 - (College of Liberal Arts and Institute of Technology—95 percent)
- Mean high school rank for new freshmen:
 - 1986—69.5
 - 1995—73.9
 - (goal for the year 2000: 77)
- Sixty-seven percent of new freshmen in fall 1995 are in the top quartile of their class. (goal for the year 2000: 80 percent of all Twin Cities campus freshmen will come from the top 25 percent of their high school class)
- Students voting with their feet: Freshmen applications are up 20 percent from 1993-1995. Freshman enrollment increased by 824 students.
- Applications for honors programs were up 39 percent in the Institute of Technology and 71 percent in the College of Liberal Arts in the past two years.
- Based on the percentage of admissions applications received to students accepted, the University has gone from last place to third place in “selectivity” in the Big Ten in the past two years.
- Freshmen living on campus (Twin Cities):
 - 1986—45 percent
 - 1995—70 percent

- Class hours taught by full professors (Twin Cities):
 - 1986: 23 percent
 - 1995: 40 percent
- Classes taught by teaching assistants (Twin Cities):
 - 1986: 32 percent
 - 1995: 14 percent
- Average class size: reduced 23 percent on TC campus, 11 percent systemwide.
- Mean class size:
 - 1986—32.6 students
 - 1996—27.7 students
- Largest class in 1986: 1,069; largest class in 1993: 657
- Classroom structure standards have been developed and a plan implemented to bring all classrooms up to standard, with a goal of moving from the traditional lecture environment to one where “interactive learning” can take place.
 - Twin Cities classroom space now meeting all University standards: 34 percent
 - Goal for the end of 1996-97 school year: 50 percent systemwide
 - Goal for 2000: 100 percent systemwide
- Technology is being used to improve student services, including e-mail for all students and touch-tone telephone and World Wide Web access to key student services such as registration, course drop/add, grade reporting, and financial aid status.
- In fall quarter, 1995, more than half of Twin Cities campus students self-registered using computers, avoiding standing in line.
- Students may now select and purchase classroom texts from the University Bookstores via home computer and have them delivered; if they want to go to the Bookstore—when the lines are short—they can even check the current length of those lines; the Web site’s connected to the security cameras, showing a picture that’s updated every few minutes.
- Student/advisor ratio in CLA lower division (U’s largest college):
 - 1986—577:1
 - 1996—275:1 (a 50 percent improvement)

- In the past two years, students on the Twin Cities campus have increased their average course credit load from 11.8 credits to 12.2 credits.
- In 1986, a few students in the Journalism department were invited to establish mentoring relationships with University alumni. In 1996, 1,200 undergraduate students participated in one-on-one or group alumni mentoring programs. (The goal for the year 2000 is to involve 5,000 students in alumni mentoring.)
- Participation in Undergraduate Research Opportunities Program (UROP):
 - 1986—285 students
 - 1996—362 students
- The College of Human Ecology has initiated JobLine, the University's first automated career and job information service. Students and alumni can telephone the service day or night to obtain job listings and information about internship opportunities.
- Students assisted by the Office of Special Learning Opportunities to find internships and other field learning experiences
 - 1986: 1,089
 - 1995: 4,000
- On the Twin Cities campus, 378 courses in intensive writing across the curriculum have been added in 66 different academic departments to help students develop better writing skills no matter what their major field
- New degree programs have recently been added in Information Networking and Applied Business, in response to input from the business community.
- Transfer curriculum implemented in cooperation with MnSCU to make transferring easier.
- Four-year graduation rate (all campuses):
 - 1986 entering class: 9.9 percent
 - 1991 entering class: 18.7 percent
- Five-year graduation rate (all campuses):
 - 1986 entering class—30.7 percent
 - 1990 entering class—37.9 percent
 - (goal for the 1996 entering class is 50 percent)

GRADUATE AND PROFESSIONAL EDUCATION

- In 1995, the National Research Council ranked the nation's graduate programs.
- Based on the scholarly quality of the graduate faculty:
 - Six are rated as "distinguished" (Chemical Engineering, Geography, Psychology, Mechanical Engineering, Economics and Mathematics).
 - 25 are rated "strong."
 - Five are rated "good."
 - Our composite rank is 20th, ninth among public universities.
- Based on the educational effectiveness of the programs:
 - 18 are rated as "distinguished."
 - Our composite rank is 15th, fifth among public universities.
- Since its beginning in 1993, over 350 doctoral and post-doctoral students have participated in the Preparing Future Faculty Program, which helps teaching assistants and other graduate students develop teaching skills.

RESEARCH

Since 1968, we have ranked among the top 20 U. S. universities—public and private—in federal funding for research and development. Our goal has been to improve the amount of sponsored funding and to maintain our national ranking.

- Total sponsored research funding:
 - 1986: \$152 million
 - 1996: \$304 million
- National ranking for federal funding for research and development:
 - 1986: 15th
 - 1994: 14th
- Benefit for Minnesota: 10,695 Minnesota jobs created as a direct result of federal research funding (US. Department of Commerce figures).

DIVERSITY

The University's commitment to a diverse campus community is long-standing. President Hasselmo and the board of regents set goals for 1994 of doubling minority faculty hires, increasing minority enrollment to 10 percent and improving the five-year minority graduation rate by 50 percent .

- Percentage of entering freshmen who are students of color:
1990—11.6
1995—17.4
- Head count for undergraduate students of color:
1990—2,948
1995—4,566
- Bachelors degrees awarded to students of color:
1990—221
1995—425
- Percentage of masters degrees awarded to minority students:
1990—3.6
1995—6.5
- Percentage of new female faculty hires:
1990—27.6
1995—34.7
- Percentage of faculty who are women:
1990—20
1995—24
- Percentage of faculty who are minority:
1990—6.0
1995—9.2
- Since 1990, 135 students have graduated from the College of Education and Human Development's Multicultural Teacher Development Project, which recruits and supports students from diverse backgrounds in postbaccalaureate teacher licensure programs.

OUTREACH

- The Minnesota Extension Service sponsors nine different programs in counties throughout the state to help communities with diversity issues. Examples of these programs include Building Community in the Midst of Diversity and Changing Relations and Immigration in Minnesota.
- Access Minnesota, coordinated by the Minnesota Extension Service, provides internet access at 100 sites in Greater Minnesota. Users may access the World Wide Web by visiting a local MES office, or MES educators will help computer owners connect to the service at their home or business.

GIVING TO THE UNIVERSITY

Private support is critical to enhancing the quality and excellence of the University's teaching, research and outreach programs.

- In 1995, the University of Minnesota ranked 3rd among all public universities in total voluntary support.
- Total gifts received by the University Foundation for the University
 - 1985: \$23 million
 - 1996: \$72 million
- Endowment market value (combined University)
 - 1985: \$248 million
 - 1996: \$955 million
- Number of endowed faculty chairs and professorships
 - 1985: 17
 - 1996: 240
- Gifts received for scholarships for students
 - 1991: \$6.7 million
 - 1996: \$14.1 million

For more information, please browse the University of Minnesota World Wide Web site, <http://www.umn.edu>.

11/8/96

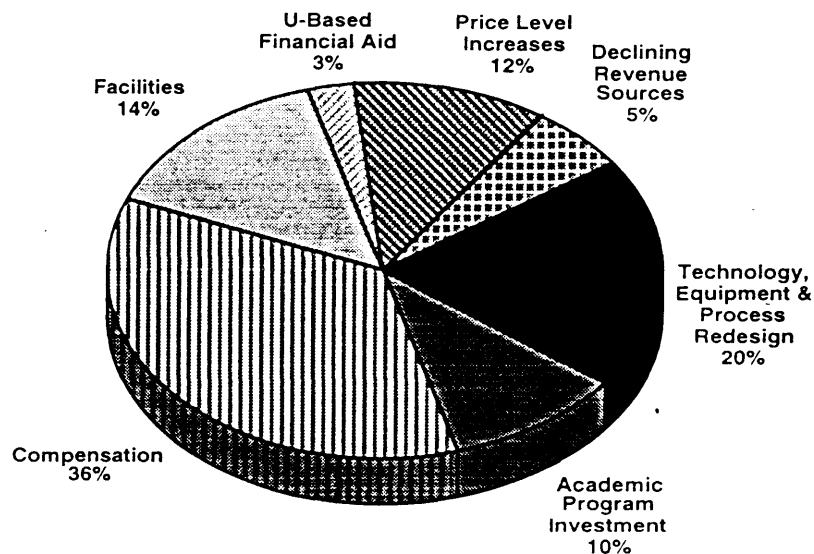
1998 - 2001 Financial Framework *Overview*

The University of Minnesota's biennial budget proposal represents the first two years of the *four-year* financial framework aimed at continuing the transformation of the institution into a 21st century university through significant investments in technology, instructional quality, and faculty excellence. This proposal was developed by linking academic and financial planning and goals into a four-year framework. The proposal requires a partnership between the students, the university community and the state of Minnesota.

Investments & Financial Needs

University of Minnesota / Four-Year Financial Framework FY 1998 - FY 2001

Investments & Financial Needs = \$978.3 Million



Technology, Equipment & Process Redesign \$195,000,000

- Equip and train students, faculty, and make significant improvements to information infrastructure to support instruction
- Institute a new technology literacy requirement (K-12 impact)
- Establish technology competency requirement for graduation
- Assist in building next generation Internet through the NSF-funded vBNS connections program. University will be one of the first four universities to use this new, more powerful backbone
- Implement new human resources, student, grants management, and financial systems

Academic Program Investments (examples) \$100,000,000

- Create "virtual rural health school" for interdisciplinary training of medical, nursing, pharmacy, physician assistant and other health professions students who intend to practice in rural communities

- Enhance career counseling and job placement services and expand student activities for undergraduate students within and outside the classroom that develop leadership and cooperative skills
- Lead in genetics research and biomedical engineering
- Expand partnership programs with MnSCU to additional sites throughout the state in such areas as mathematics, nursing, teacher education, and information technology
- Expand collaborations with University of Wisconsin, Madison, in manufacturing engineering, political science, entomology, and foreign languages
- Develop more practitioner-oriented master's degree programs on Twin Cities and Duluth Campuses

Compensation \$349,000,000

- Meet projected 2.5% inflation increase in compensation
- Raise the average compensation for all employee groups(primary focus on faculty) to at least the mean of the appropriate local or national market through targeted compensation strategy funds
- Increase the flexibility in salary system by the expanded use of temporary adjustments to an individuals base salary

Facilities \$141,000,000

- Respond to needs in preventive maintenance, improved custodial standards, space management(decommissioning buildings), new building operations, and debt requirements

Financial Aid, Price Level Increases, & Declining Revenue Sources \$193,000,000

- Remain affordable and accessible, increase number of high ability students and increase diversity of student body
- Stabilize supplies and expense budgets
- Respond to financial stresses emerging in traditional revenue streams that support education and research

Total Investment of \$978 million over 4 years = \$245 million per year
Resource to Pay for Average Annual Investment Need of \$245 million

Tuition - annual increase of 2.5% *\$13,649,000*

After increased tuition revenue is accounted for, the University is proposing to share with the state of Minnesota, on a 50/50 basis, the remaining \$230,924,000 average annual investment

State Funds *\$115,462,000*

University Responsibility *\$115,462,000*

TOTAL *\$244,573,000*

The University's FY1998 - 99 biennial budget proposal is a request for a two year increase of \$230,924,000 in state resources. The base state appropriation for FY 1998-99 is roughly \$926,584,000. This increase will result in a two-year appropriation from the State of Minnesota of approximately \$1,157,000,000

MB6
9772r

**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
December 13, 1996**

Mr. Chair, Ladies and Gentlemen of the Board, having recently returned from a successful tour of East Asia, I would like to share some highlights of our trip with you. Our visit began with a stop in Taipei, Taiwan, followed by visits to the PRC cities of Xi'an, Beijing, and Tianjin, and then on to Pohang and Seoul, South Korea.

• Taiwan and the PRC •

In Taiwan, we had the opportunity to meet with representatives of 3M, Norwest Bank, Northwest Airlines, and Cargill. All of these contacts were pleased that the University of Minnesota delegation was touring the area, that we were received by Lee Teng-Hui, President of Taiwan, and that we were formalizing linkages with Taiwan's leading research institutions. In addition to meeting with Taiwan's Minister of Education, we signed an academic exchange agreement with National Tsing Hua University, and our delegation made a courtesy call on the President of the National Taiwan University.

For many years, the University of Minnesota has had the largest population of Chinese international students of any university in the United States. At present, we have approximately 1,300 Chinese students, including 850 from the PRC. Thus, our visits to Taiwan and the PRC were punctuated with uplifting contacts with our alumni in that part of the world, who are formally organizing into chapters of the University of Minnesota Alumni Association. The outpouring of goodwill from alumni was ever-present in Taiwan and the PRC.

In Xi'an our alumni arranged excellent discussions for us with:

- Mayor Feng Xuchu;
- Assistant Mayor Wang Peiqi (who is also Director, Xi'an High Tech Industries Development Zone);
- Governor Cheng Andong of Shaanxi Province, Minnesota's sister state in the PRC;
- President Jiang Deming of Xi'an Jiaotong University, with whom we signed an academic exchange agreement, and President Dai Guan-Zhong of Northwestern Polytechnic University; and
- Chairman Zhou Ya Geang of Shaanxi Provincial Committee of the CPPCC (Chinese People's Political Consultative Committee).

As a result of our visit with these and other provincial, city, industrial zone, and university leaders, we are convinced that this area offers important and attractive opportunities for Minnesota businesses and educational opportunities for Minnesota students and faculty. The city of Xi'an and Shaanxi Province appear to be working collaboratively and demonstrating strong commitment to market economics, science, technology, and education. Further, the area's 35 million people, including a good pool of well-trained technicians and scientists, its strong natural resources, major educational institutions, improving infrastructure, rapidly growing industrial and high-tech park, new airport, and the University of Minnesota's strong standing in the region combine as factors that would seem to make this an attractive investment and marketing site for Minnesota business.

The highlights of our visit to Beijing included the signing of an academic exchange agreement with the Chinese Academy of Sciences, visits to Peking University and Tsinghua University, and a luncheon with Vice Minister Wei Yu of the Chinese Education Commission.

A very special part of the Beijing visit was that we conferred an honorary degree on Tang Peisong, a 1927 alumnus of the University of Minnesota. He is regarded as the father of plant physiology in China, and he is a member of the prestigious Chinese Academy of Sciences. We conferred the honorary degree at Professor Tang's hospital bedside, where he is gallantly struggling against heart failure.

In Tianjin, we concentrated on firming relations with Nankai University and on learning what we could about its collaborative work in the Tianjin Economic Development Area (TEDA). Honeywell has a facility in TEDA. Nankai University is opening a branch campus at TEDA that will feature technical and business studies. As with Xi'an, it seems to me that Tianjin also may offer exciting possibilities for Minnesota business. Located only 75 miles from Beijing, Tianjin is China's third largest city with a population of 9 million. It is a port city with an airport that accommodates direct international flights. TEDA appears to be an important asset, which promises to account for 50 percent of Tianjin's economic growth by the year 2000. Committed alumni might help Minnesota businesses strengthen their foothold in the area.

• Korea •

Our host in Korea was Mr. Chung Myung-Sik, President of the Korea Chapter of the University of Minnesota Alumni Association, and retired CEO of Pohang Iron and Steel Corporation. He is also the Chair of Postech University's Foundation. Located in Pohang, South Korea, Postech is one of Asia's newest and most impressive science and engineering research universities. A U.S. counterpart to Postech might possibly be Cal-Tech.

I.T. Dean Ted Davis had visited with Postech's president two weeks before we arrived in Pohang, and, under his leadership, we are now preparing an academic exchange agreement with Postech.

In Seoul, we signed an agreement with Seoul National University (SNU), Korea's leading university and, since 1954, our "sister" university. In that year, following the end of the Korean War, the U.S. government paired our two universities, and ever since we have had extensive relationships. Many of SNU's faculty and the country's political and business leaders are University of Minnesota alumni, and, to date, we believe that Minnesota has more Korean alumni than any other U.S. university. At present we have approximately 300 Korean students on campus.

While in Seoul, we met with Congressman Park Kwon Yong, Chair of the Foreign Affairs Committee of the ROK National Assembly, the Minister of Education, the President of the Korea Foundation, and the President of SNU. During many of these discussions, we advanced the idea of endowing a joint research initiative called the Korea Institute of North America on the Twin Cities campus .

The highlight of this visit, however, was the conferral of an honorary doctor of laws degree on Kim Young Sam, President, ROK. With strong recommendations from such individuals as Ambassador Walter Mondale, and the U.S. Ambassador to Korea, James Laney, among others, we recognized President Kim's lifelong political battle in support of democracy and democratic principles on the Korean peninsula. He now is the University of Minnesota's newest alumnus, joining others such as Lee Kyung Shik, currently Governor of the Bank of Korea, and formerly the President of Daewoo Motor Company, as well as other alumni who served as Korea's Ministers of Education, of Science and Technology, and of Agriculture. The press and T.V. coverage of our visit to Korea was quite extensive.

The University of Minnesota is aggressively developing programs to expand student and faculty exchanges with several leading universities in Taiwan, China, and Korea. We are hopeful that some Minnesota companies will help us provide scholarships and internships for qualified Chinese and Korean students to study and work in Minnesota and for U.S. students to study and work in Taipei, Beijing, Pohang, and Seoul, but especially in Xi'an and Tianjin.

We think it would be very valuable if Governor Carlson could lead a delegation of Minnesota business leaders and University representatives to Xi'an and Tianjin. The purpose would be to explore business investment and marketing opportunities and educational collaboration. We are convinced that meeting the people and observing firsthand the momentum that is building would result in good business opportunities, near-term and long-term, for Minnesota companies. I hope that the University can be both

a catalyst and an active participant in such efforts. In the meantime, we will continue to expand our academic relationships in East Asia.

Not only does the University of Minnesota have 15,000 devoted alumni in East Asia, but, as I have indicated, some have extraordinary influence within their countries. They inspired us with their devotion to their alma mater. Frankly, the University had not communicated adequately with these groups from the 1979 trip (led by Regent Wenda Moore, Dr. Paul Quie, and others shortly after the end of China's Cultural Revolution) until our 1995 and 1996 trips. To make sure that we capitalize upon the restored momentum, I have asked Provost W. Phillips Shively to lead the University's East Asia initiative. Also, the University of Minnesota Foundation is developing a long-term strategy to cultivate Asian institutions and individuals with the help of our local alumni leaders and extensive faculty contacts.